TREASURY, POSTAL SERVICE, AND GENERAL GOVERNMENT APPROPRIATIONS FOR FISCAL YEAR 1995

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Treasury, Postal Service, and Gener...

HEARINGS

BEFORE A

SUBCOMMITTEE OF THE

COMMITTEE ON APPROPRIATIONS

HOUSE OF REPRESENTATIVES

ONE HUNDRED THIRD CONGRESS

SECOND SESSION

SUBCOMMITTEE ON THE TREASURY, POSTAL SERVICE, AND GENERAL GOVERNMENT APPROPRIATIONS

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PART 3

EXECUTIVE OFFICE OF THE PRESIDENT AND FUNDS APPROPRIATED TO THE PRESIDENT

JUL 19

Printed for the use of the Committee on Appropriations

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U.S. GOVERNMENT PRINTING OFFICE

79-473 O WASHINGTON : 1994

For sale by the U.S. Government Printing Office
Superintendent of Documents, Congressional Sales Office, Washington, DC 20402
ISBN 0-16-044334-2

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TREASURY, POSTAL SERVICE, AND GENERAL GOVERNMENT APPROPRIATIONS FOR 1995

THURSDAY, FEBRUARY 10, 1994.

OFFICE OF NATIONAL DRUG CONTROL POLICY

WITNESS

HON. LEE P. BROWN, DIRECTOR

INTRODUCTORY STATEMENT—CHAIRMAN HOYER

Mr. HOYER. Dr. Brown, I want to welcome you to the Committee. We enlarged the hearing room a little bit, feeling that they would be a little more comfortable over here, knowing full well that this is a very, very important hearing, from our perspective, and hopefully from yours as well.

I also want to say how pleased I was that you and Ms. Ochi, whom I had the opportunity of meeting yesterday while we were all in jail together. The President, I thought, was very humorous.

Jim, you would have enjoyed this. Dr. Brown and Ms. Ochi and others came out to announce the new drug policy. The President was there, of course, and we did it in the Prince George's County Correctional Facility, which is a very modern correctional facility. Unfortunately, already overpopulated, but nevertheless an appropriate setting, I thought.

But the President observed, as he opened his remarks, that we had seven members of the Cabinet there, Dr. Brown and six others. The President of the United States, the Vice President of the United States, four Members of the House and three United States Senators, and he turned to Sam Sexton, who is the director of Corrections for Prince Georges County, and observed, "Sam and an awful lot of people around the country are hoping you would keep us here. Don't unlock the door."

I again want to say, Dr. Brown, how pleased we are that you are here and know how hard you have been working. I also personally want to thank you for the designation of the Baltimore-Washington area as a high intensity drug trafficking area. We think that was appropriate and we will be looking very closely, of course, to make sure how we fund that effort appropriately. We will have that hearing and you will be talking about that as well.

Federal spending on drug control programs totaled $13.2 billion for fiscal year 1994. Drug control falls into at least two major categories, those needed for demand reduction activities, which I understand total $5.4 billion, and for those for supply reduction activities, which totals approximately $7.8 billion. These fall into do-

mestic law enforcement programs and those devoted to U.S. border control and international initiatives.

Within each of the two major categories, there are many subcategories and each of these subcategories are, to some extent, replicated at the local, State and Federal levels. The drug control program must be viewed as an integrated system that will be most effective when all aspects of it are receiving proper and balanced attention and resources.

The administration has formulated a new drug control strategy which shifts the emphasis from reducing overall drug use, including casual and intermittent drug use, to a strategy with hard-core drug use as its primary target. Associated with that change in strategy, as I understand it, from casual to hard use, there is also a shift to some degree of resources from supply reduction to demand reduction, although clearly there is an increase in both those objectives.

The President's budget request shows supply reduction being somewhat reduced in terms of total percentage, but increased in terms of dollars. Prevention and treatment is a vital part of our drug control strategy, but law enforcement is of vital importance too.

Dr. Brown, you have referenced that. The President has referenced that. I agree with the President very much when he says not only do we have to be tough; we have to be smart. This committee will, I know, be very interested in your opening remarks and comments as we try to make sure that we are both tough and smart, that we reduce demand while not ignoring the necessity to keep drugs out of America, to keep drugs out of our States and to keep drugs out of our communities.

The bottom line is though, I think, correct that as long as demand remains, somebody is going to find a way to make the money to supply that demand. So I am pleased that we are going to look at this problem.

I would also observe that one of the things I know that the both Reagan and Bush administrations were frustrated with is that, as we escalated interdiction resources, utilization of Department of Defense resources in conjunction with other law enforcement agencies, that the price domestically of many of the drugs went down.

Now, referring to the law of economics, if supply goes up, price goes down. If price were an indication of our success at interdiction, we did not appear to be very successful. In fact, I talked to many members and we saw in the press reports there were those in the Department of Defense that felt we were spending substantial resources but not having the substantial results, which was a source of frustration.

I think this new look is a worthy look. There is going to be controversy related to it, but we look forward to hearing your perspective on the policy and on the funding. At this time, I would like to recognize my good friend, welcome him back to the committee, Mr. Lightfoot.

INTRODUCTORY STATEMENT—CONGRESSMAN LIGHTFOOT

Mr. LIGHTFOOT. Thank you, Mr. Chairman. Good to be back on a bright sunshiny warm day in Washington, D.C. Dr. Brown, good to see you again, sir. I look forward to the hearing this morning.

Just tagging on to the chairman's remarks as well, I think we both pretty much share the same goal that we obviously have to do all we can in the war against drugs. I have a lot of concern over the cutbacks in the interdiction side because I feel that it is a combination of all the things that are being proposed that are going to get us to a reasonable solution to the problem, that each area has its area of importance. The chairman's remarks that we have seen the price go down would indicate that the interdiction hasn't been very effective.

I think you could also make the argument that if that is in fact the case, if we relax interdiction even further, we will see the supply increase and the prices go down even further, so I would hope we could hold the ground that we have at least gained at this point and add to that.

I think that statistics bear out a significant number, or even a majority, of violent crimes are associated with drug use and trafficking, and I want to give the chairman and you, Mr. Brown, my assurance that you have my full cooperation in efforts to ensure that law enforcement efforts are adequate to fight the war on drugs and violent crimes that are associated therewith.

Clearly, many of us in Congress are deeply concerned about the significant reduction in the staff and the resources of the Office of National Drug Control Policy, and what this means for efforts to coordinate our Nation's war on drugs. I am told, for example, ONDCP has only one staff member devoted to reviewing the drug control budgets of 36 different agencies. I find it a little bit hard to believe that one person could effectively handle that work load and assure coordination between all those different programs. If they are that good, I would like to hire them. Whoever you are, hold up your hand.

Dr. Brown, let's see. We have had some conflicting statements from various agency heads and the administration in the past year suggesting that the coordination is not being maintained, and perhaps we could explore that a little later today. There is no question we must do a better job of fighting the war than we have been doing. I don't think that is a point of argument. I don't believe there is one simple solution, however, as I mentioned earlier.

Prevention and treatment alone are not the answer. They are part of it. Interdiction alone is not the answer. It is part of it. Community policing and education alone are not the answer, but a part of it, and I think it is a combination of all these efforts that is required. I believe the key is allocating our resources in the proper balance and just not letting up. As Winston Churchill said, "Never give up," and I think we have to use that approach here.

Again, I thank the Chairman for calling the hearing today. I hope we can shed some light on how we can improve our tactics on the war on drugs and, Dr. Brown, we appreciate you coming this morning as well. And, with that, I will yield back.

Mr. HOYER. Thank you.

Mr. Visclosky.

Mr. VISCLOSKY. I am fine, Mr. Chairman. Thank you.

Mr. HOYER. Mr. Darden.

Mr. DARDEN. I want to welcome Dr. Brown and it is good to be back.

Mr. HOYER. Dr. Brown.

INTRODUCTORY STATEMENT—DR. BROWN

Dr. BROWN. Good morning, Mr. Chairman, members of the subcommittee. It is my pleasure to appear before you today to discuss the fiscal year 1995 budget for the Office of National Drug Control Policy. We have an extended statement that I will submit for the record and present at this time a brief statement.

Before I discuss the fiscal year 1995 budget request from our office, I would like to briefly outline for you some of the major elements of our national drug control strategy which was released by the President yesterday.

This strategy is a bold plan to redirect and reinvigorate this Nation's fight against drug use and drug trafficking. It builds on the September 1993 interim national drug control strategy and in that strategy, we challenged America to change the way it viewed the drug use problem.

The 1994 strategy includes the largest Federal drug control budget request of $13.2 billion, and that is a reflection not only of the high priority the President places on addressing the drug problem, but also it is reflective of the grave threat drugs pose to our communities throughout America, to our economy, and most important, to our children who represent our future.

The 1994 strategy departs from previous strategies in several very important respects.

First of all, the strategy places a new emphasis on treating hard-core drug users, that is, the user population that consumes the bulk of the drugs sold on the streets, and also fuels much of the crime and violence that all Americans are now concerned about.

Our research tells us that treatment works and that a dollar spent on drug treatment is repaid seven fold in the form of reduced public spending and increased productivity. So we are seeking $355 million in new funding for the treatment of the chronic hard-core drug user.

The strategy takes note of the recent increase in drug use among our young people and places a new emphasis on reducing the demand for drugs. To that extent, the administration is seeking a $191 million increase in funding for the safe and drug-free school programs. The strategy proposes to make our communities a safer place by adding new police officers to walk the beat, by expanding the concept of community policing, and by promoting drug courts and boot camps for nonviolent offenders.

We are seeking to increase assistance to State and local governments and law enforcement agencies by more than 300 percent. The strategy changes the way this country carries out international drug control policy and refocuses interdiction efforts away from the transit zones to working directly with the transit and source countries. And the strategy rejects the misguided notion of legalization, calling on families to take new responsibility for their children and

on communities to stand up for common decency against drugs and violence.

Let me now talk about the ONDCP budget. The ONDCP fiscal year 1995 budget reflects the strategy's emphasis on hard-core drug using populations. Consistent with this approach, $45 million has been requested for transfer to the Substance Abuse and Mental Health Services Administration to provide treatment services for hard-core drug users.

The high intensity drug trafficking areas, or HIDTA program, has developed into a very effective partnership between Federal, State and local law enforcement agencies. It is a unique program in that it empowers national and local law enforcement officials to take an united regional approach to this, the most serious drug trafficking organizations.

In addition, the program has effectively combined a multitude of existing smaller task forces at the State and local levels in order to coordinate and concentrate their efforts. The HIDTA budget request allows for continued funding in fiscal year 1995 with the five original gateway HIDTAs: New York, Miami, Houston and the southwest border in Los Angeles, as well as a newly designated HIDTA to increase the focus, coordination and effectiveness of Federal, State and local efforts against drug distribution networks.

This new HIDTA will serve the Baltimore–Washington metropolitan area and will serve as a prototype for future HIDTAs which will focus on distribution areas and target funds for the treatment of chronic, hard-core drug abusers within the criminal justice system.

The President is also requesting $10 million and 40 positions for the Office of National Drug Control Policy. This level of funding is consistent with the President's commitment to a more efficient executive branch by providing coordination and oversight in regards to the Nation's overall drug combatting effort.

The proposed funding level will enable ONDCP to continue advising the President on national and international policies and strategies and help ensure the effective coordination of drug programs within approximately 50 Federal agencies and 12 departments.

In closing, the administration strongly supports reauthorization of ONDCP. A recent GAO report on the reauthorization of the agency noted the continued need for a central planning agency to provide leadership and coordination for the Nation's drug control efforts. Separate reauthorization legislation has been passed by both the House and the Senate, and I urge both houses to conclude an agreement on this legislation as soon as possible.

Mr. Chairman, this completes my prepared statement. I will be pleased to answer any question you may have at this time.

[The prepared statement follows:]

OPENING STATEMENT

THE HONORABLE LEE P. BROWN

DIRECTOR

OFFICE OF NATIONAL DRUG CONTROL POLICY

SUBCOMMITTEE ON TREASURY, POSTAL SERVICE
AND GENERAL GOVERNMENT

FEBRUARY 10, 1994

Good morning, Chairman Hoyer and members of the House Appropriations Subcommittee on Treasury, Postal Service and General Government. It is my pleasure to appear before you today to discuss the FY 1995 budget for the Office of National Drug Control Policy (ONDCP). However, before I discuss the Fiscal Year 1995 budget request for ONDCP, I would like to outline for the subcommittee some of the major features of the National Drug Control Strategy.

Yesterday, the President released the 1994 National Drug Control Strategy as mandated by the Narcotics Leadership Act of 1988. This strategy is a bold plan to redirect and reinvigorate this Nation's efforts against drug use and drug trafficking. It builds on the foundation laid down in the September, 1993 Interim National Drug Control Strategy, which challenged America to change the way it viewed the drug problem.

- It recognizes that chronic hard-core drug use and the violence that surrounds it are at the heart of the Nation's current drug crisis,
- It emphasizes the need to empower local communities with an integrated plan of education, prevention, treatment and law enforcement, and
- It changes the way the United States carries out international drug control policy and refocuses interdiction's efforts away from the transit zones to working directly with the transit and source countries.

Previously, National Drug Control Strategies shied away from aggressively addressing chronic, hard-core drug use. It is the most difficult aspect of the problem. But all too often it is the hard-core users and the traffickers who service them who are involved in violent crime. If we are to stem the tide, we must make more treatment available and mount the most effective possible drug abuse prevention and education programs.

We have delivered to the Congress and the American people a National Drug Control Strategy that tackles the toughest, most resistant drug problems. We do not underestimate the difficulty of the task. But if we are to make progress against drug use and drug trafficking, it will only be made by facing those problems head-on.

The National Drug Control Strategy estimates that there are approximately 2.7 million chronic hard-core drug users of cocaine and heroin in the U.S. and establishes as one of its targets the reduction of chronic drug use at an average annual rate of 5%.

Overall, the Strategy establishes, as an objective, the reduction of all illicit drug use by an average annual rate of 5%.

When we submitted the Interim National Drug Control Strategy to Congressin September, 1993, we said our new Strategy would reflect a sea change in the way we responded to America's drug problem.

We have delivered on that promise. As the President pointed out yesterday, we have developed a comprehensive strategy, one that not only significantly increases drug treatment capacity and support for prevention and education, but provides solid support for law enforcement and international narcotic control efforts.

But as the President has noted, drug use is more than a criminal justice problem; it is also a public health problem. Reducing drug use is more complex than simply funding programs to reduce the supply and demand for drugs. A comprehensive drug strategy must address the lack of educational opportunities, good jobs, quality health care, affordable housing, and safe neighborhoods.

The FY 1995 Budget and National Drug Control Policy

To carry out the National Drug Control Strategy, the President is requesting a record $13.2 billion to enhance programs dedicated to drug control and prevention efforts. This reflects an increase of $1 billion, or 9 percent, over the 1994 appropriations. Given the tight fiscal constraints within which the overall President's budget was developed, the 1995 request clearly expresses the Administration's commitment to alleviating the problems associated with drugs, crime, and violence. I should note that as a result of the President's decision to make the ONDCP Director a member of the Cabinet, I sat with the President when he reviewed the budget submissions of the Executive

Deaortments with drug control responsibilities. The budget before the Congress is a direct result of that process and the President's determination to make drug control a priority within the Cabinet and the Administration.

Four major new initiatives are included in the FY 1995 budget to carry out the National Drug Control Strategy:

Reducing Chronic Hard-core Use Through Treatment - The request of $355 million in addition to those funds currently available in the Substance Abuse Block Grant, plus resources forthcoming from the crime bill, will increase the number of chronic, hard-core users in treatment both within and outside of the criminal justice system by 140,000 per year. We propose that these funds go to those most in need and hardest to reach. No serious drug abuse policy can succeed without reaching those who are overwhelming our criminal justice system, costliest to our health care system, and overburdening our social service system. In addition, the President's Health Security Act guarantees drug abuse treatment services to all Americans.

Protecting Children Through Education and Prevention - The Strategy proposes an increase of $191 million for the Safe Schools Program and the Drug-Free Schools and Communities State Grant Program to inoculate our youth against the dangers of drug use. The Strategy will help achieve America 2000 Goal 6 of the

National Education Goals, that every school will be free of drugs and violence by the year 2000.

As the recent data for the Monitoring the Future survey showed, our Nation's hard-fought effort to shield America's youth from the dangers of drug abuse must be reinvigorated. We cannot let past successes lull us into complacency. I will not stand by and allow a new generation of our youth to get caught in a cycle of illicit drug use and dependency. Accordingly, in addition to the increase in education and prevention resources, I will soon be convening a meeting of national experts in the field of prevention and drug education, and I will ask for their recommendations on how we can prevent a new cycle of youth drug abuse.

Empowering Communities - The National Strategy underscores the importance of the Federal Government in coming to the assistance of those communities hit hardest by drug abuse and drug trafficking. Accordingly, $1 billion is allocated for community programs, including $568 million for community policing; $50 million for community empowerment; $115 million for Community Partnerships; and $98 million for the High Intensity Drug Trafficking Areas program.

The Strategy recognizes that the most effective means of preventing drug use and keeping drugs out of neighborhoods and schools is to mobilize all elements of the community through coalitions and partnerships. Therefore, the Strategy will double

the number of such cooperative efforts by 1996. It will also work to ensure that all nine of the President's Empowerment Zones and 95 Enterprise Communities are implemented, and that they address drug use and trafficking in their community-based empowerment plans over the next two years.

Focusing on Source Countries - The Strategy recognizes that effective international narcotics control will result from successful institution building in drug source and transit nations. As a result, the budget proposes $76 million in new funds for source country programs to support the controlled shift of resources from the transit zones to the source countries. These new funds will enhance support for conducting law enforcement activities, building judicial institutions and creating an economic and social environment that support alternatives to drug cultivation and trafficking.

Experience has shown that cocaine cartels and other drug trafficking organizations are vulnerable to sustained enforcement efforts by committed governments. Members of such organizations fear loss of profits and fear arrest when they know it will lead to conviction followed by significant punishments and seizure of assets. With the improvement in the U.S. capability to collect intelligence and build cases against major traffickers, the international program has the potential to continue to increase in effectiveness. Cooperation with other nations that share our

political will to defeat the international drug syndicates is at the heart of the international strategy. Its primary goals are to increase multilateral and other organizations' response to the drug threat; and to aggressively increase illicit crop eradication to stop fast-developing opium, and to reduce coca cultivation by 1996.

Making the Streets Safe -- The Strategy recognizes that demand reduction programs -- drug treatment, prevention and education -- face an uphill battle when drugs are readily available. Similarly, it recognizes that drug law enforcement programs will not succeed if the nation's appetite for illegal drugs is not curbed. Both must work in partnership.

To make streets safe, the Strategy advocates passage of the crime bill provisions to put more police on the streets; expand community policing; expand treatment for incarcerated chronic, hard-core drug users; increase the number and use of boot camps for non-violent offenders; provide for drug courts to offer counseling, treatment and drug testing for non-violent offenders; and control the proliferation of guns, especially assault weapons, in our neighborhoods.

Beyond the crime bill, the Strategy commits the full force of Federal investigative and prosecutive capabilities to target major drug trafficking organizations in order that they may be

disrupted, dismantled, and destroyed. The Administration will work toward making drugs harder to obtain and more costly in terms of apprehension, prosecution, conviction and forfeiture.

Specific law enforcement objectives include putting 100,000 more police on the streets to reduce crime; and ban the manufacture and sale of assault weapons, the drug trafficker's weapon of choice.

The ONDCP Budget

The ONDCP Fiscal Year 1995 Budget reflects a recognition of the increasing concentration of drug problems in hard-core drug using populations. Consistent with the 1994 National Drug Control Strategy, and this Administration's emphasis on treatment and prevention, $45 million is requested for transfer to the Substance Abuse and Mental Health Services Administration (SAMSHA) to provide treatment services for chronic hard-core drug users.

The High Intensity Drug Trafficking Areas (HIDTA) program has developed into a very effective partnership between Federal, State, and local law enforcement agencies. It is a unique program that empowers national and local law enforcement officials to take a united regional approach to dismantling the most serious drug trafficking organizations. In addition, the

program has effectively combined a multitude of existing smaller task forces at the state and local levels in order to coordinate and concentrate their efforts. The HIDTA budget request allows for continued funding in fiscal year 1995 of the five original "gateway" HIDTA's (New York, Miami, Houston, the Southwest Border, and Los Angeles), as well as a newly designated HIDTA to increase the focus, coordination, and effectiveness of Federal, State and local efforts against drug distribution networks.

This new HIDTA will serve the Washington-Baltimore metropolitan area and will serve as a prototype for future HIDTA's which will focus on distribution areas, and target funds for the treatment of chronic hard-core drug abusers in the criminal justice system.

The President is also requesting $10 million and 40 full-time equivalent positions for the Office of National Drug Control Policy. This level of funding is consistent with the President's commitment to a more efficient executive branch, while providing coordination and oversight to the nation's overall drug control effort. The proposed funding level will enable the ONDCP to continue advising the President on national and international policies and strategies, and help ensure the effective coordination of drug programs within approximately 50 Federal Agencies and 12 Departments.

ONDCP Reauthorization

The Administration strongly supports reauthorization of ONDCP and has proposed legislation to accomplish this. A recent GAO report on the reauthorization of the agency noted the continued need for a central agency to provide leadership and coordination for the Nation's drug control efforts. Separate reauthorization legislation has passed both the House and Senate. I urge both Houses to conclude an agreement on this legislation as soon as possible.

Conclusion

One final note: in the end, this is not a challenge for the Government alone. We can change our laws and increase the amount of resources we spend to reduce drug use, but still we will have to do more. Individuals must take personal responsibility for their own actions. Families must take responsibility for their children. Communities must challenge their citizens to stand up for common decency and refuse to accept the unacceptable. Society must nurture the values that best represent our character as a nation: work, family, community, opportunity, and responsibility.

This completes my prepared statement. I would be pleased to answer any questions you may have.

Breaking the Cycle of Drug Abuse

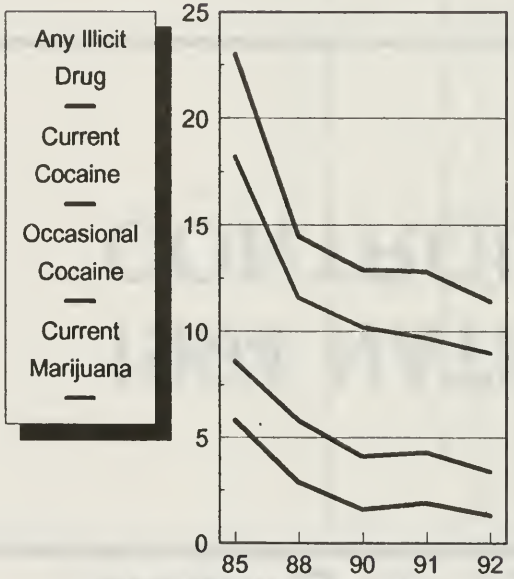
1994 NATIONAL DRUG CONTROL STRATEGY

February 1994

The Drug User Population

Casual Use Declining

Millions of Users

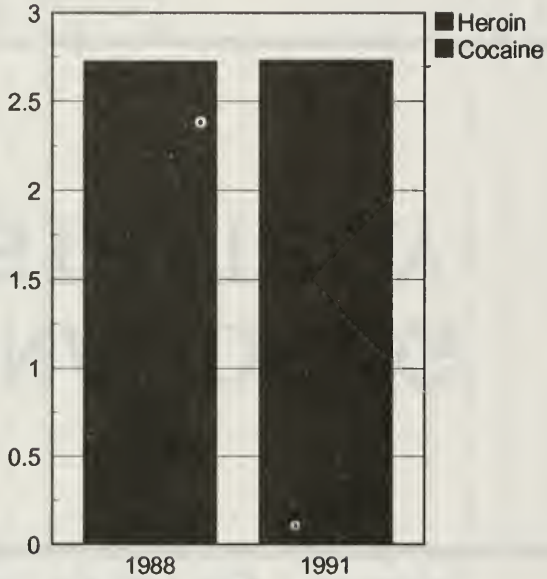


Source: Household Survey

Hardcore users include individuals who use illicit drug at least weekly and exhibit behavioral problems stemming from their drug use.

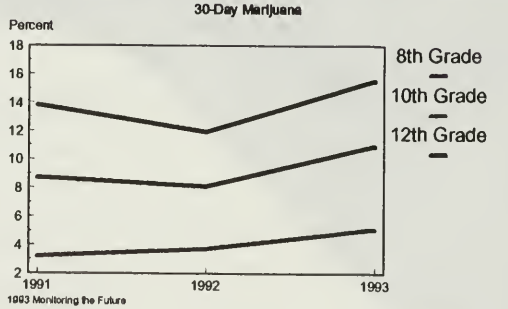
Hardcore Use Continues Unabated

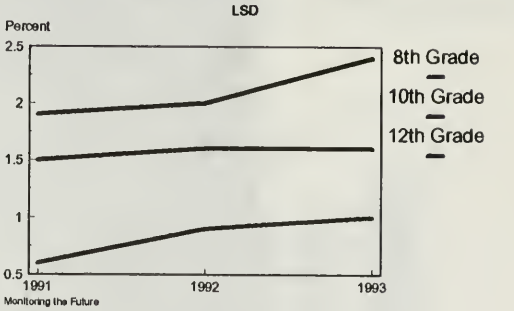
Millions of Users

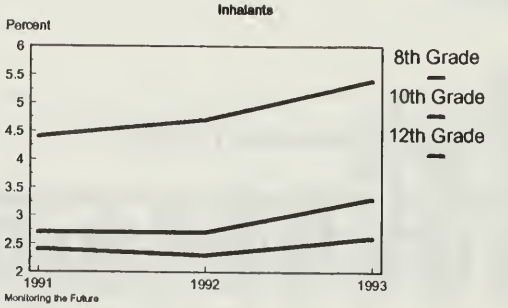


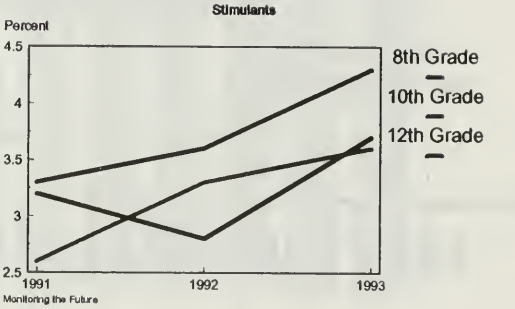
ONDCP estimates.

Problem: 8th, 10th, and 12th Grade Casual Use on the Rise

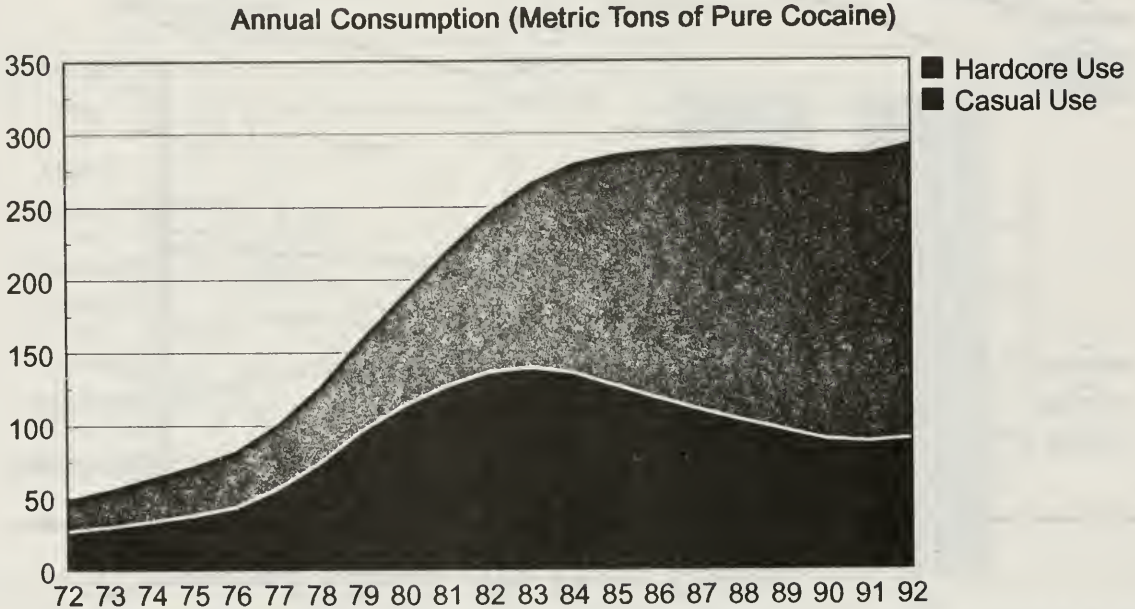






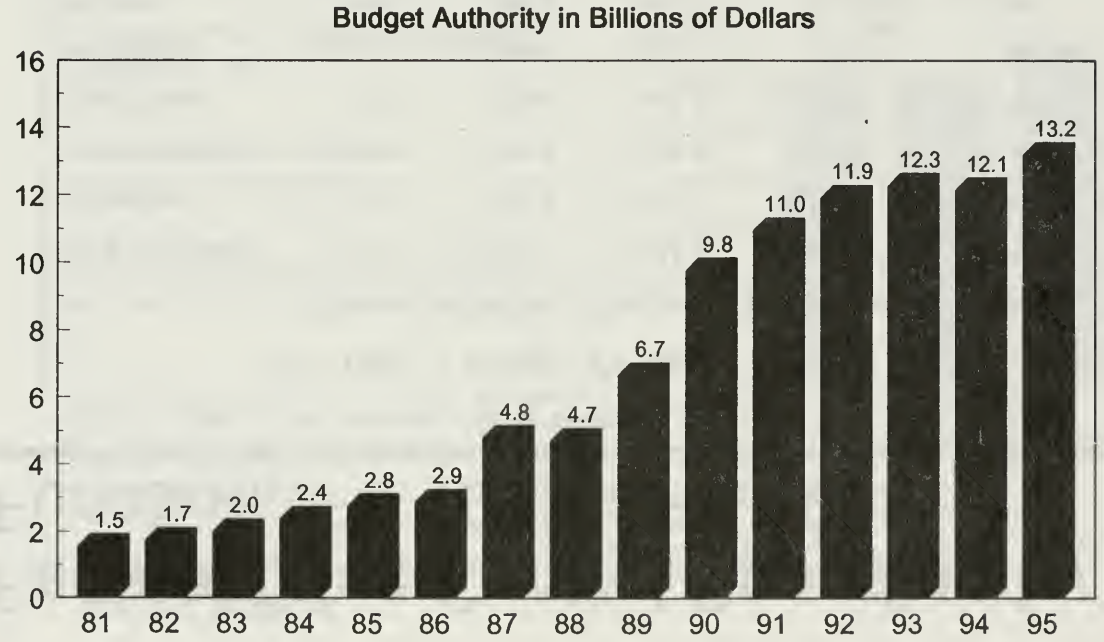


Drug Consumption By Type of User



Source: RAND Work in Progress for ONDCP.

Federal Drug Control Budget, 1981-1995



Federal Drug Control Spending by Function, FY 1993 - FY 1995

($ in millions)

	FY 1993 Actual	FY1994 Enacted	FY 1995 Request	FY94-95 $ Change	FY94-95 % Change
Drug Treatment	2,339.1	2,514.1	2,874.4	+360.3	*14.3%*
Prevention *	1,556.5	1,602.4	2,050.7	+448.2	*28.0%*
Criminal Justice	5,685.1	5,700.4	5,926.9	+226.6	*4.0%*
International	523.4	351.4	427.8	+76.4	*21.7%*
Interdiction	1,511.1	1,299.9	1,205.6	-94.3	*-7.3%*
Research	499.1	504.6	531.6	+27.0	*5.3%*
Intelligence	150.9	163.4	162.8	-0.6	*-0.4%*
TOTAL	12,265.3	12,136.2	13,179.8	+1,043.6	*8.6%*

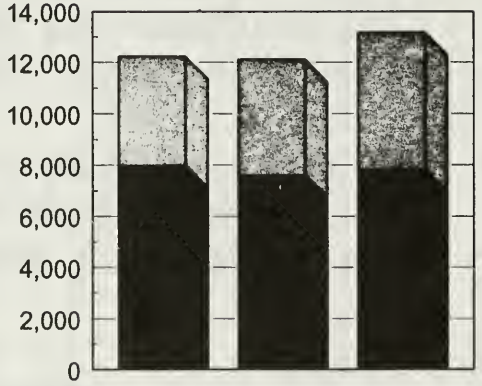
* Education, Community Action, and the Workplace

Supply and Demand Resources

- Of the total $13.2 billion requested for drug control in FY 1995:
  - 59 percent is for supply reduction programs, and
  - 41 percent is for demand reduction programs.
- The FY 1995 request is $1.0 billion more than the FY 1994 enacted level.
  - $827 million of the increase in total resources is for demand reduction programs, and
  - $217 million is for supply reduction programs.

Supply/Demand Resources

($ in millions)



	FY 1993	FY 1994	FY 1995
Supply ■	7,963.4	7,592.3	7,809.4
Demand □	4,301.9	4,544.0	5,370.5

Major Strategy Budget Initiatives

- **Reducing Hardcore Use through Treatment**: $355 million plus Crime Bill resources increases the number of hardcore users in treatment by almost 140,000 per year.

- **Ensuring Safe and Drug Free Schools**: $191 million for two programs: the Safe Schools Program, and the Safe and Drug-Free Schools and Communities State Grant Program.

- **Empowering Communities**: $1.0 billion in total resources for community programs including (1) $568 million for Community Policing (2) $50 million for Community Empowerment (3) $115 million for Community Partnerships and (4)$98 million for HIDTA.

- **Focusing on Source Countries**: $72 million in new funds for source country programs to support the controlled shift of resources from the transit zones to the source countries.

Mr. HOYER. Thank you very much, Dr. Brown.

Let me first of all proceed on the policy statement. You, of course, are one of the Nation's premiere law enforcement officers, having been the chief of police of two of our major United States cities, both of which are HIDTAs.

Dr. BROWN. That is correct.

Mr. HOYER. You have seem high intensity drug trafficking areas. You have been in the forefront of the law enforcement issue. Obviously, one of the controversies in terms of the new drug strategy is going to be that it deemphasizes law enforcement, locking up the bad guys as the Attorney General states it, and deemphasizes interdicting drugs coming into the country.

My reading of the program is not consistent with that because, in a dollar sense, we have increased funding. Now, there is a slight decrease in the interdiction, but dollar increases have occurred in both areas, although the percentages have changed somewhat.

Dr. BROWN. Right.

Mr. HOYER. But as somebody who has come from the law enforcement community, having front-line responsibility, seeing the drug war firsthand on the front lines, I would like you to comment on that.

Dr. BROWN. Yes, sir. As you stated, I come from a law enforcement background. I started off as a street cop back in 1960. I have had over 30 years in this business. My first assignment was to work undercover narcotics. I spent a career in that business, having served as the chief executive in several departments, as a sheriff in Oregon, the commissioner in Atlanta, the chief in Houston, Texas, as well as the police commissioner in this country's largest city.

That is important because I have seen over the years the problems of crime and violence and drugs. I have seen things change over the years as well. Today, I think we have the most serious problem I have ever seen in my career.

I have also seen that what we have been doing in addressing the problem has not worked. In New York City, for example, we would arrest up to 100,000 people a year just for narcotics violations alone. That is bigger than most cities in America. We would arrest up to 300,000 people a year for other crimes, yet we have not stopped the problems of crime and violence and drugs. And I think most law enforcement officials and probably most mayors and people who have to deal with this problem on a day-to-day basis would agree with me that we need a new direction.

That new direction is what we have presented as the President's drug control strategy. It does not by no means suggest that we are going to lighten up on law enforcement. Rather, we will always continue an aggressive law enforcement program, and that is extremely important because people suffer on the streets of our cities. That is why the President wants to put 100,000 more cops on the streets, but under the concept of community policing, because community policing has proven itself to be an effective way to not only reduce the supply of drugs, but the demand for drugs as well. It gives us the opportunity, rather than just respond to incidents as

they occur, but to also prevent things from happening by mobilizing the people within the community. So we are a very strong supporter of that.

We will also have interdiction in our strategy in this administration. We do not under any circumstances intend to open our borders up for the Escobars of the world so the drugs can come in without intervention. Indeed, we believe that interdiction works.

America, along with our allies, we are able to stop over 330 metric tons from come into this country every year. That is about a third of what is produced in Latin America. That is a little more than is consumed in this country, so we are clearly recognizing that if we do not stop the drugs from coming into the country, that we are going to have an overabundance of drugs. As you indicated, the price will go down and there will become more users.

The only change we have made in our interdiction efforts is contained in a directive issued by the President. After eight years of study by all the agencies involved, recognizing that in the transit zones, that the drug trafficking organizations have changed their strategies. They are not trying to fly their aircraft over as was the case a few years ago, but now they are using commercial flights to bring the drugs into the country, more maritime efforts.

Because they have changed their strategy, it makes good sense that we change our strategy, and that is what we are doing. We are making a controlled shift from the transit zones to the source country, and we think it is a smarter way of using our resources. We can stop the drugs at the source. It is much easier than trying to stop them once they leave the countries.

We will never, however, abandon even the transit zones. We have to be flexible as well because one would suggest or suspect that as the drug organizations see that we have changed their strategy—our strategy, they in turn will change their strategy. So we have to be flexible to cover whatever they do.

All of that is to say that the strategy that we have put before you recognizes that we must have a comprehensive approach with law enforcement, education, treatment, interdiction and our international program. We are not downplaying law enforcement, not downplaying interdiction. We are trying to deal with it in just a smarter way.

STAFFING AND FUNDING

Mr. HOYER. Thank you. Let me ask one last question, then I am going to recognize Mr. Lightfoot and then we will go vote. If somebody wanted to go vote first—Mr. Visclosky, if you wanted to go vote now, then you could get back and we could continue the hearing so we don't delay matters. Does everybody agree with that?

One last question I would like to ask. One of the controversies obviously, as you took office, was there was a substantial reduction in personnel from 125 to 25, I think. This Committee, as you know, added 15 to total 40 and I am pleased to see the President agreed with this committee's conference recommendations, which the Congress agreed to.

Clearly we don't have $13.2 billion in our budget in our appropriation bill for your shop. Those 40 people and yourself are for

overseeing and making sure the strategy that we articulate is in fact the strategy that we carry out and hopefully, successfully.

Do you believe that the 40 people and the dollar resources that have been allocated in the budget are sufficient for you to successfully, you and your staff, successfully be able to perform that oversight and coordinating function which the 1988 act contemplated and hoped for in coordinating efforts across a broad range of agencies and departments within our government?

Dr. BROWN. Initially with 25, that was the initial cut, now with the 40 that have been approved by the Congress, we are carrying out our responsibilities. We are doing so by being more creative and using the resources at our disposal.

For example, the office is part of the executive office of the President. That means that those support staff that support the President and his operation can also be used by our office. We do not have to maintain, for example, a separate personnel function in my office. We can use the personnel function in the President's office. Those are the things that we are doing in order to make sure that we carry out our responsibilities.

We can—and it helps by virtue of being in the President's Cabinet right now, can task other agencies to achieve some of the objectives we want to achieve. We do not have to gather all the data in my office. If there is something I need, I can ask another Cabinet member to do that for us, so with that as a basis, we are able to carry out our responsibilities.

But I would end that answer by saying that like any manager, you would certainly be able to use effectively more resources. But with the resources we have, we will and we are getting the job done.

Mr. HOYER. We are going to pass a bill on the Floor today, I think, that will have the effect of mandating over the next six years, this year and five years to come, a reduction of 252,000 FTEs within the Federal structure, so everybody is going to be squeezed. We are going to have to do as the NPR suggests, more with less and do it smarter.

Mr. Lightfoot.

HIDTA FUNDING: BALITMORE-WASHINGTON

Mr. LIGHTFOOT. Thank you, Mr. Chairman.

Dr. Brown, I heard that—I don't know if this figure is accurate, that the chairman mentioned the HIDTA a minute ago. The Baltimore-Washington area, we understand, is supposed to get around $15 million and the others are at the $20 to $25 million figure.

Is that accurate information?

Dr. BROWN. No, sir. The current HIDTA for the Washington-Baltimore area is $3 million. That is $3 million of discretionary funds that I had. I gave it all to that initiative because it is so important. The others receive about 11 to $12 million, each of the other five.

The budget that is being requested is for $12 million for the Baltimore-Washington area HIDTA, which is about the same as what we give to the other five.

Mr. LIGHTFOOT. That was my point. Why was Baltimore-Washington lower than the others? It would seem that you have as much of a problem here as you have elsewhere.

Dr. BROWN. Well, we created it in the midst of the fiscal year. The budget is already in place. The funds that I had at my disposal would be the $3 million which were the discretionary funds that I put into that. That is the only reason.

Mr. LIGHTFOOT. I would certainly be willing to make sure that they all receive equal amounts because I think Baltimore and Washington probably have as severe a problem as anywhere in the country.

Dr. BROWN. We are requesting that for the fiscal year 1995 budget.

Mr. LIGHTFOOT. I realize that is hard to hear coming from a conservative Republican, to spend money, but in this case, we certainly would be more than willing to get on board and help get that kind of an expenditure approved.

Mr. HOYER. Is there any doubt in your mind why I feel so fortunate to have Mr. Lightfoot as the Ranking Member of this subcommittee?

INCREASED DRUG USE WITH HIGH SCHOOL STUDENTS

Mr. LIGHTFOOT. Well, I will leave that one.

Dr. Brown, the—there has been a report released fairly recently relating to high school students that drug use is up. What is your strategy to address that particular issue? It seems to be a growing trend. Why is that happening and what is in your strategy to address that?

Dr. BROWN. We are very concerned with that survey called Monitoring the Future Survey, and what it says is that after about a decade of decline in drug use amongst our young people, that decline has stopped and now it is going up. We find our students are now using more drugs, mainly marijuana, to a lesser degree, LSD and inhalants. They are—they have less of a concern about the dangers of drug use, and their perception of greater availability of drugs.

Our college students are using more drugs. This is a grave concern. It is kind of like the alarm being sounded for this nation, because if we don't address it, we will find ourselves back where we were back in the late 1970s and early 1980s with a real epidemic of drug use amongst our young people.

Our strategy recognized that because we do monitor on a regular basis what goes on, and we are doing a number of things. First of all, we are requesting an additional $191 million to go into educational and prevention programs in our school system to address the problem.

In addition to that, I will, in a very short period of time, reconvene a meeting of some of the best and brightest minds in the field of drug education prevention to come together with me in an emergency meeting to do an in-depth interpretation of the data. My sense is that the message is not getting through or the message we have been giving is not consistent where now young people are not paying heed to what we have been doing. And I will bring them together to help us think through what the problem is and what recommendations we should use to correct the problem.

In addition, I will bring together the representatives of the Federal Government that are experts in the same area to address the problem.

We have a two-prong approach. In our strategy, we are putting more money into it to address it immediately to make sure we have an effective curriculum in our school system. At the same time, we are going to look at a more in-depth interpretation, not waiting for the first part, but doing more in-depth interpretation of the data and coming away with recommendations to address the problem.

Mr. LIGHTFOOT. I would like to follow up on that, but we are down to five minutes, and I guess it is time to either go do something to or for the American people, depending on your point of view. I would like to follow up.

Mr. HOYER. Doctor, we will recess the hearing. As soon as Mr. Visclosky gets back, he will reconvene, He ought to be back in a couple of minutes.

Dr. BROWN. Very good.

Mr. HOYER. And then we will finish with the other members.

Dr. BROWN. Yes, sir, Mr. Chairman.

[Recess.]

MEASURING PROGRAM SUCCESS

Mr. VISCLOSKY [presiding]. Doctor, thank you very much. When you testified last year, one of the conversations that we had focused on questions of measurement, experimentation with programs, trying to try new approaches. In some ways, both for the office itself as well as for those of us up here who have to make decisions about how to allocate these resources, I would like to talk about measurements.

I think that is probably more important now than ever before, given the debate that has now been initiated by the administration, and I think the administration has taken the right steps in terms of what their emphasis is and recognizing there has to be a balanced approach.

There was criticism by the GAO and others that the office previously had failed to make any measurements of its own effectiveness or the progress on the war on drugs. You had responded at the time that the office had launched several different programs. One was a heavy users' pilot study to test methods for better identifying the population and the other, a Pulse Check program to monitor drug trends at the street sale level.

Could you tell me the current status of these two programs?

Dr. BROWN. On the latter one, the Pulse Check, that is operational. Under that program, we talk to people like the street cop, narcotics officer, or treatment people to determine what is going on at that point in time. It gives us the opportunity to keep abreast of any changing trends that we see in the narcotics field.

On the other one, our hard-core drug survey, we are now working with Health and Human Services to implement that. That is in the development stage. We are in the process of selecting the cities that would be part of that. In fact, I sent the letters out just last week inviting a couple of cities to participate in it. That is the status of those two programs.

The Pulse Check is ongoing. It provides us with timely information about what we are seeing on the streets of our cities. The hard-core drug use survey is being developed.

Mr. VISCLOSKY. What do you think the future of the programs will be?

Dr. BROWN. We certainly would want to continue the Pulse Check because it gives us timely information. If there are changes taking place. Like, for example, being able to see an increase in heroin would be very important to us. Your narcotics officers, police officers and your treatment people can provide us with information on what they are seeing. That will be ongoing.

Our hard-core survey will ultimately produce for us a new instrument or new set of instruments so that we will know more about the hard-core drug population, like how many are there, what are their characteristics, where are they, which gives you better means of setting policy and addressing that population, but also start measuring the success of our initiatives in reducing that population. But that is a project that is being developed. That is in the developmental stage.

Once it is completed, we would expect that that will continue as a major initiative between my office and Health and Human Services.

Mr. VISCLOSKY. Let me ask you, on the question of measurements, generally, has the office determined or arrived at a set of measurements that they would want to use? I am, again, looking for some ability for us to come in on an annual basis and determine, was it a good effort, was it a good idea. In this case, it worked reasonably well, and in another case, it did not work.

Dr. BROWN. There are a couple of answers to that. Number one, our office, as you know, is a policy office. We set the policy. The other agencies of government carry out the policy. In that context, our strategy outlined a broad goal. The principal goal for our strategy is to reduce illegal drug use in America and we set as a goal 5 percent on an annual basis. So that should be measurable with some of the existing instruments that we have.

By the same token, the organizations that are responsible for carrying out the programs, we are asking them to develop measurements at the lower level, that is the programmatic level. We have already done that, for example, with our international programs. We have asked them to come up with specific objectives so we can track our international program progress.

We will be asking the same thing of our domestic programs so we can track what impact are we having with the programs that are funded by the Federal Government.

Mr. VISCLOSKY. You mention that there are existing measurements that will be used in judging whether or not we have enjoyed some success on the 5 percent goal that you have set. Could you enumerate what those will be?

Dr. BROWN. We have a number right now, the household survey, for example, that measures with some concerns your casual drug use. We have the Monitoring the Future Survey. That is our high school survey. We used to call it the high school senior survey. Now it goes down to the 8th grade.

We have the DAWN—Drug Abuse Warning Network. That is where we go into the emergency rooms of hospitals to determine the number of people that are coming there with a drug problem, and those are the ones we have.

I am sorry. One more would be our Drug Use Forecasting, the DUF program, where a select number of cities, people who are arrested for offenses are drug tested to determine if they have drugs in their system which gives us some indication, at least the connection between crime and drugs. Those are the ones we have right now.

Our major objective is to develop a new one to help us learn more about the hard-core drug user. That is the one we are working with with Health and Human Services.

Mr. VISCLOSKY. Could you, for the record, Doctor, supply us with an explanation as to whether the measurement for where we are starting today and where we would want to be 12 months today is a composite of these four or five measurements? Will it be taken off of any one of those? So that again, we can look back in time next February and look.

It is not my purpose obviously to say, gee, if you come in at 4.9 or 4.2 or, for that matter, 2.2 that it has been a failure. Any sense of a goal sets us in the right direction.

But again, my concern up here looking at dollars is, there ought to be some way at least we get a sense of progress and a sense of proportion about some of these. If you could do that, I would appreciate it.

Dr. BROWN. We will be delighted to do that.

[The information follows:]

MEASURES OF EFFECTIVENESS

QUESTION

Can you provide an explanation as to whether the measurement for where we are starting today with the new goals and objectives found the Strategy and where we would want to be in 12 months is a composite of the four or five measures (DUF, DAWN, Household Survey, Monitoring the Future Study)?

ANSWER

Our progress in achieving the goals and objectives in the Strategy will be measured by a combination of these measures and other indicators. Some of these, such as the Heavy Users Study, are new. Others will be existing indicators, modified in ways that will make them more leading and less lagging indicators. We will also make appropriate use of existing State Plans (from DHHS and DOJ) and consultation with acknowledged experts in the private sector, academic community, foundations, and within the various levels of government. Also of great value are the quarterly ONDCP Pulse Checks, about which you have heard.

It is not an easy thing to measure changes in social, health, and criminal justice indicators over the short-term. And, for the indicators that provide data on the size and scope of the drug problem indicators, one year is short-term. That is why we have modified the goals and, especially, the objectives and measures. I will not say they are perfect now, but I am convinced they are better. And, with two-year performance goals and the continued cooperation of my colleagues on the President's Cabinet and key members of Congress, we can achieve them.

As I have often said, it is my intention to make the National Drug Control Strategy more effective -- both overall, and in terms of cost-effectiveness -- by ensuring that it is research-based and results driven. Only with accurate indicators that are available on a timely basis can this be done.

INTERNATIONAL PROGRAMS

Mr. VISCLOSKY. You have also mentioned that you have tasked some of the people on the international side with establishing goals. We had a conversation last year as well because Mr. Darden and I both sit on the Defense subcommittee.

Would that directive have been given to the Department of Defense, or would that have gone through an agency like the Justice Department?

Dr. BROWN. It will be each agency that is involved in our international programs.

Mr. VISCLOSKY. So I should follow up with the Defense Department at that time.

Dr. BROWN. We can share information with you on that.

HARD CORE DRUG USE TREATMENT PROGRAMS

Mr. VISCLOSKY. President Clinton said yesterday as he announced the new strategy that it does more than ever before to help the hard-core drug users into treatment programs where they belong. While treatment programs can be effective for those who want to heal themselves, the results are not as striking for those who don't want to get better.

A report profiling the population of hard-core cocaine users released by your agency last August found that neither punishment nor treatment appears to be an effective deterrent among hard-core users. I also found interesting on some of the news programs yesterday evening the debate about the efficacy of targeting hard-core drug users and the recidivism rate and the success rate.

Could you describe in detail how the hard-core treatment program and the strategy would work?

Dr. BROWN. We have targeted the hard-core drug user because, over a period of time, we have seen significant progress in reducing the number of people who use drugs occasionally. For example, we just—looking at this chart here would indicate that back in 1972, the hard-core drug use in the yellow and the blue being the casual drug user, they are about the same back in 1972, and at the peak, we found that they both went up about the same amount.

Going back in the early 1980s, you saw the occasional drug user go down, the hard-core go up. So 20 percent, this is about 20 percent of the percent of hard-core drug user, and they consume about 80 percent of the three-quarters of cocaine that come into this country. They are responsible for a disproportionate amount of the crime and the violence that is committed in America.

A survey, for example, shows that the hard-core drug user who is not in treatment, they found that over 50 percent reported illegal activities in a 30-day period prior to the survey, a disproportionate amount of the crime permitted. The same survey found that 42 percent of those sampled had income derived in part from illegal sources, mostly from committing property crimes.

We know that there are over a million arrests annually for drug abuse violations and our DUF, drug use forecasting that I mentioned earlier, show that roughly one-half of arrestees test positive for cocaine.

If you look at that, it tells us if we are going to get a handle on the problem of crime and violence in America, we are going to have to tackle that population that is responsible for a disproportionate amount of it. That is the reason we have targeted the hard-core drug user. We have made no progress whatsoever in reducing that population, significant progress in reducing the occasional or the nonaddicted drug user.

We feel that the big problem with the drug problem in America is the addicted person. Unless we do something about that drug using population, we are going to continue to have all the things that we are concerned about as a country. Crime and violence, health costs, less productivity, and research tells us that the way to do that is to provide treatment for the hard-core drug user. That is the reason we have requested the $355 million increase in our treatment program to target the hard-core drug user. That, combined with funds that are in the pending crime bill, would allow us to treat 140,000 more hard-core chronic drug users.

We think in doing that, not only will we help address the problem of—the drug problem, but also crime and violence. In addition to that, we think it is important that we provide treatment within the criminal justice system, our jails and prisons. If we arrest tens of thousands of people a year, the majority have a substance abuse problem, it just makes good sense to use the coercive force of the criminal justice system to put them in a drug treatment program.

I mentioned earlier, I visited such a program in Kyle, Texas, which is a prison but it is a therapeutic community prison and I have seen the successes of people who have gone through that and now they are out as productive citizens.

We believe, based on our own knowledge and research, that treatment works. Thus, that is the purpose of focusing in on the hard-core drug user, the chronic drug user without neglecting the other components of the drug control strategy, enforcement, interdiction, prevention, education.

TREATMENT FUNDING

Mr. VISCLOSKY. Do you think the infrastructure exists to receive and adequately manage and use those funds as far as rehabilitation or will part of those funds be the creation of that infrastructure and those treatment centers?

Dr. BROWN. Prior to determining how much monies we wanted to request for that, we consulted with Health and Human Services. All the funds we are requesting will go for direct services. The infrastructure now will accommodate that. I might also add that the President's health care reform package is very important too, because a provision exists in there for substance abuse treatment as part of the national health care system.

When passed by Congress, that will be a major breakthrough in closing the gap that currently exists between those who need treatment and the ability of the country to deliver it because it would make available substance abuse treatment for all Americans.

That is a very important part of what we want to do. We see the—we see the drug control strategy linked with the crime control bill, so it is not in isolation. We have to look at all of this as part of a total package to accomplish what we want to accomplish.

Mr. VISCLOSKY. Dr. Brown, I realize the job you have is a very difficult one, and I think it is very susceptible to demagoguery, if there is such a word, and I think the important thing here—and I think you have done that—is to really just roll up your sleeves and try some things, to approach this problem and begin to deal with it. It is very important to me.

As you may know, Gary, Indiana is the largest city in the district I represent. On a per capita basis this year, Gary led the Nation in homicides. I grew up in Gary, and the violence there and the drugs that in many cases precipitated the violence is just horrific.

So I wish you well, and again, in terms of the questions and comments I made, I do feel it is important for us to have a sense of being able to judge if these new attempts and these new programs have worked and if not, have an open mind and that willingness to be flexible and let's try something else, but let's make some progress.

Dr. BROWN. Well, I agree with you.

Mr. VISCLOSKY. The only people that don't make mistakes are people that do nothing. That is my theory.

Dr. BROWN. If it works, we need to continue to embellish upon it. If it doesn't, we need to stop doing it.

Mr. VISCLOSKY. Thanks, Mr. Chairman.

Mr. HOYER [presiding]. Mr. Wolf.

INTRODUCTORY STATEMENT—CONGRESSMAN WOLF

Mr. WOLF. Thank you, Mr. Chairman.

And Dr. Brown I want to welcome you here. I have a couple comments before I ask you a couple questions. I don't know that I disagree with what you all have done with regard to cutting some of the Coast Guard and things. I think this committee and another committee that—of the Congress and others have perhaps put more money into some of the interdiction there that really hasn't worked.

I am not so sure that I agree that you should have cut interdiction, but I could not disagree with you that you cut it in Coast Guard and some of those other places, because the more money we were putting in, the less results we were getting—the balloon process and the fast boats, we had fast boats with DEA, fast boats with Coast Guard—so I think we have got to kind of give you the benefit of the doubt.

My own sense is I would have liked to have seen more money spent in enforcement, but of a different kind, but I really can't argue with you on the cuts with regard to Coast Guard.

The second comment is, I think it has been difficult when—and I know you don't control Joycelyn Elders, but when Joycelyn Elders got all that coverage and publicity on the suggestion that we look at legalization, that drowns out so many things that were positive going on. I think that if that were to happen again, that could wipe out all the good that you are doing, because that word goes down in every high school.

I listened to a man today on the radio coming in who is now for legalization of drugs and he has just written a new book, he is a Yale professor, and I think those things kind of spur the idea that we should go to legalization of drugs.

I think treatment, treatment is important, and I agree with you. I guess I am skeptical about the type of treatment. About a month-and-a-half ago, I visited Lorton. I have been down to Lorton a number of times working in a program down there years ago, and I visited this drug rehab program by accident almost. I walked in the room and there were 15 or 16 men sitting in a darkened room, shades were drawn, very dark, and they were watching a television set, almost like 1984.

It was kind of up high like where the clock was, and the men were in a stupor there, and then they told me that this was the drug rehab program and what they were doing was watching the television and when it was over, discussing the content of the program.

Well, maybe that is an important part and I just caught one glimpse of it, but I really question a lot of the rehab programs that are going on. I think it is important to find out the ones that are working well and fund them and the ones that aren't, just kind of get rid of it, because a lot of them I don't think are working.

STAFFING SITUATION

Let me ask you a couple of housekeeping questions. I saw a list—I have a White House list and there is a Jose Cerda, C–E–R–D–A, who is listed as your executive assistant, and I don't know if he is here today or not, but he is also down under the Office of Policy Development, both places.

Would you explain that for the record and who is paying him? Are you paying him or is the Office of Policy Development paying him?

Dr. BROWN. Mr. Cerda serves on my staff, is paid out of my budget. He is the director of our interagency operation, therefore, he serves as my liaison with the Domestic Affairs—Domestic Policy Council, but he is paid out of my budget.

Mr. WOLF. Then he doesn't do any—it says senior policy analyst. He doesn't do any work for this Office of Policy Development?

Dr. BROWN. He is the liaison for my office to that house on my budget.

Mr. WOLF. They have him down in their list, and I think he can be a liaison to whoever he wants to be, but I think he should just be under yours, and frankly, you have been cut, I think, too much. In fact, if somebody would offer an amendment here to increase your numbers, I will support it.

But to have you down at 25 or 27 or whatever the——

Dr. BROWN. 40 at this point.

Mr. HOYER. We increased it 15, Frank.

Mr. WOLF. And then to have one of your top people—where is his office? Does he sit in your office or does he——

Dr. BROWN. He has an office in my office.

Mr. WOLF. So he doesn't get telephone calls there, because here it says his number.

Dr. BROWN. He probably will get calls. He is back and forth between the two offices. It is done for the benefit of both offices. As you know, the Domestic Policy Council still deals with all the domestic issues, which include crime and drugs and violence and so forth. He is able to assist both offices in addressing the issue. He

is paid for by my office. He reports to me, but we also have a liaison with that office.

Mr. WOLF. What percentage of his work is done for the Office of Policy Development, time-wise? Just submit it for the record. I don't want to beat a dead horse. I don't think an office as small as your staff is and as critical as what you do is, I don't think anybody there should be working for anybody else. I think they should work—if they have got a liaison—I mean, I have people in my office who liaison with all the countries in my area, but I don't put them on their organization sheet. And frankly I don't think anybody that you have should be doing anything but working for you. That is just my own sense. It is your call, you are going to have to make it, but I think it is inappropriate.

Dr. BROWN. In that case, he is working for me because what he is doing benefits what I do. In terms of the telephone, we have people that liaison to my office as well from our agencies and we list them in our telephone directory as well.

Mr. WOLF. He has a different number. I am just going to say for the record, let there be no mistake, if he is out of your office working on anything other than drugs, it is inappropriate, and I think it is wrong and I think it sends a split message and a wrong message.

On the White House telephone, we were—the White House has installed a new telephone system for the executive office of the President. I am not so sure they made a wise choice.

What is your share of that total cost for that, for the White House telephone?

Dr. BROWN. Let us get that for you. We don't have it right now.

Mr. WOLF. Could you tell me what it was last year as well as this year?

Dr. BROWN. We will submit that to you.

[CLERK'S NOTE.—The information was not provided in time to be printed in the record.]

Mr. WOLF. And were you obligated to go on it. Was it just, here is what we have and we are all going to be part of it or did you——

Dr. BROWN. It was a decision to change the telephone system for the entire executive office of the President. Our office is part of that executive office.

Mr. WOLF. If you would just—I will just submit some records, rather than taking the committee's time, but if you would also tell me if you think it is working better or working worse and if it has been helpful to you or if it has been up and very, very good, I would appreciate that.

Dr. BROWN. I will do that.

Mr. WOLF. I think, Mr. Chairman, I have some other questions that I will just submit for the record. I, Dr. Brown, wish you well.

I think it is a tough, tough problem. Almost nothing has worked, but yet I mentioned last year when you came before the committee, that my sense is the drug culture was coming back. I see it in shopping malls, kids wearing T shirts with the marijuana leaf, or whatever the leaf. I hear it in songs now. You are picking up jokes, even on television, and something is happening, and I assume that the numbers are now bearing that out.

So anything I can personally do to help you, and if we could give you more people, I frankly felt that 140 was really not too much to give you, but maybe you can do the liaison. I think it would be also helpful to make sure that the administration is speaking with one voice.

When I think of the drug czar, I think of you. I don't really want to know what Joycelyn Elders thinks and I also don't want to know what Congressman Wirth thinks. I had that one question that I asked you before. He was going to go up and talk to the group in Baltimore that was on the other side of the issue. I don't know if he ever went. I understand that was canceled.

But I think it would be helpful for you to put out a memo or the President to put out a memo to say, Dr. Brown is the spokesman for this administration on drug issues, and whatever anyone is doing, whether it be a general in the Pentagon or an Assistant Secretary at the State Department or the Surgeon General, I want to know.

I don't know if Dr. Elders cleared the statement that she made with you or not, but I think you should at least be given the opportunity to kind of be the spokesman. I think if you are the spokesman, we are going to be okay. If other people who just on a throwaway line say something, all the good work that you do can all be diminished out.

The last thing is, if you can just maybe have somebody come by my office and just tell me where you think the top three rehab programs are, particularly in this area. What I would like to do myself is maybe some day that we are in recess go out and spend a half a day, sit in, go through the classroom, almost uninvited, because what I saw at Lorton, I was uninvited that day, and frankly, had I—had they known that I was going to walk through that building in that room, I think they wouldn't have had that.

So someplace that we can just on a quick thing drop in unannounced, talk to the men and women in programs, see what they think. So if you could have somebody come by my office just to tell us where you think the best ones are and what the best ones are in the country, I would appreciate that.

Dr. BROWN. Be glad to do that.

Mr. WOLF. And I will be looking forward to working with you. And I will just submit the other questions for the record.

LEGALIZING DRUGS

Mr. HOYER. Thank you very much, Mr. Wolf.

Let me make an observation. Obviously the principal spokesman for the administration is the President. I agree with Mr. Wolf that next to the President and Vice President, you are the major spokesperson. I think the President was pretty definitive on his disagreement with Dr. Elders. But I am going to tell you, frankly, I agree with Mr. Wolf that sending mixed messages like that is not useful. It is not helpful.

We end up defending a lot of things that really ought not to be on the table. If that is not the administration's policy, then frankly, Dr. Elders ought not to be enunciating it.

Dr. BROWN. Just as a follow-up on that, I have already sent out some time ago a letter to all the agencies making that point, that

if there are statements, speeches, reports dealing with drugs, it should be cleared through my office. They do that. It turned out that Dr. Elders was giving a speech and answered a question where she said she voiced her own opinion.

Mr. HOYER. Right.

Dr. BROWN. But on the issue of legalization, the President states that—up front in our strategy, he makes the point that, and I will read, "For this reason, the administration will never consider the legalization of illegal drugs." That is the position of this administration, and he is the spokesman.

Mr. WOLF. Absolutely. If the Chairman would just yield for a statement.

Mr. HOYER. Sure.

Mr. WOLF. I didn't get into the other one too, but the AIDS czar has been talking about things that I don't think are actually productive, particularly on needles exchanges and things like this.

Now, if you decide and everybody in the government who really knows this and works on it and an apology comes on a certain thing, then I think everybody wants to talk about it, but I think there has been a little conflict on needle exchanges from my sense of where you are, and I don't want to get into it here for the record, but she ought to be very, very careful. So it was Wirth, it was Elders, it was the AIDS czar.

So she is, I think, dealing with an area that I think you should be careful that she couldn't countermand or indirectly, inadvertently, not knowing, and sometimes when a microphone is put in your face, you are asked a question, you just say things, but just to be careful because it can wipe out the good, and I thank the chairman.

CONCLUDING REMARKS—CHAIRMAN HOYER

Mr. HOYER. Dr. Brown, I am going to have to leave, for which I apologize. I know Mr. Lightfoot has some additional questions. We have a bill on the Floor which I have been working with Mr. Clay on which deals with the buyout so we don't have to fire Federal employees. We can hopefully reduce our forces in a good management manner.

I want to thank you, and I particularly want to thank Rich Yamamoto on your staff who has worked so closely with us and so effectively as you responded to our suggestion on the HIDTA. I want to thank him and again thank your office for working closely with us.

I also want to tell you that this about your budget. Your budget is relatively small obviously. But you have a very big job, one of the most important jobs in the administration, which of course is why Congress and the President want you as an intricate member of the Cabinet, to have Cabinet status.

As a result, I would want to be scheduling, talk to your staff and our staff, progress hearings or briefings. I won't take a lot of your time, don't want to distract you from your major duties. But I think the Congress, in the sense that as Mr. Wolf points out was concerned about the $13.2 billion being spent on the drug program. In our appropriations, it is spread out among many Subcommittees.

What the Congress was concerned about was the fear that it was not a coordinated effort.

I have a person in my district who observed something about the President which I think is true. He said, you know, this is a unique President. He said the President is a systems thinker. That is not very prevalent in government work among elected officials. We tend to deal discreetly with problems, but obviously the President very much sees systems. He recognizes how they interrelate with one another. And of course this is a major strategy in terms of how systems relate to one another in rehabilitation and prevention as well as law enforcement. Again, the bad guys are selling off the street, but also a lot of them are users. We saw that man yesterday in Prince George's County——

Dr. BROWN. Right.

Mr. HOYER [continuing]. Who had been in jail for most of his adult life and who had been addicted to one drug or another for 30 of his 43 years. Think of that. Seventy-five percent of his life had been on drugs of one type or another, probably starting with alcohol and then escalating.

I intend to have some more hearings and briefings. I want to do it consistent with your schedule so we can keep the members updated as we progress. I want the hearings and briefings not just limited to a budget hearing which is relatively small. But the task you have is very large.

Mr. BROWN. We would be glad do that and I want to thank you for your support and leadership you are giving. We are going to be a success. That is why we have to have the partnership. We will be delighted to appear any time you call for us.

Mr. HOYER. Thank you. Mr. Visclosky will run the balance of the hearing.

Mr. VISCLOSKY [presiding]. Mr. Lightfoot.

LEGALIZING DRUGS

Mr. LIGHTFOOT. Thank you, Mr. Chairman.

I also would like to associate myself with Mr. Wolf's and the chairman's remarks as they related to Dr. Elders. I think that this mixed message that is getting sent certainly doesn't serve anyone very well in the process.

You read the President's statement out of your strategy as to what his position is. Do you have a strategy that you are going to pursue to make sure that that message gets to all the myriad of agencies that may or may not be involved with this whole drug process? Because I agree, you should be the voice. I mean, that is a personal opinion but——

Dr. BROWN. On the issue of legalization, I think it is quite clear to all agencies in the executive branch what the President's position is. He stated that himself. This becomes his policy that he had submitted to the Congress and the American people. That is quite clear. I will continue to talk about it. I will continue to make it known to everyone.

I think as far as the Cabinet is concerned, we are really on one wavelength in addressing this issue. I think that was seen yesterday when we released this report. We had not only myself, but the President, the Vice President, seven Cabinet members coming to

the ceremony to release the report. Many changed their schedules in order to be there.

We have talked about the whole issue of drugs at Cabinet meetings on more than one occasion. We have had several occasions at the Domestic Policy Council meetings where we talked about drugs. I am extremely pleased with the support we are getting from the other members of the Cabinet. I said it is a team effort, and that is what the President wants it to be, so the message is out there, that we do not under any circumstances support even the study of legalization. We do not intend to spend one nickel studying that issue.

HARD CORE USERS

Mr. LIGHTFOOT. Sure. A couple quick policy questions and a couple of numbers questions since we are on appropriations. I guess we should talk about dollars before we leave this morning, and we are into the lunch hour here, so I will try to make this brief.

Before we went for the vote, and Mr. Visclosky followed up to a great extent what I was going to ask in regards to the thrust going to hard-core users at this point. Statistics show us that that effort is roughly 25 to 30 percent effective for the most part. We have people like Mr. Hoyer just mentioned that had spent three-fourths of their lives on drugs, so those dollars that go into that hard-core treatment program in terms of actual individuals they affect will affect a smaller number of people than the same amount of dollars that goes into the education program, through the schools, that type of thing.

And I guess from a policy perspective, the hard-core users are definitely a problem. There is no argument about that, but we are spending, well, 12.8 percent on drug treatment and right at $2 billion on education, community action and the workplace, which is a 28 percent increase in the workplace and a 14 percent increase in drug treatment, although drug treatment still exceeds the workplace expenditures.

If we can stop those kids from getting on drugs to start, it seems to me that the dollars you put into that education and community action will pay far bigger dividends than whatever we put into drug treatment. Was that part discussed during your considerations on putting more into treatment than on education? Or do you agree with that theory?

Dr. BROWN. If it is considered, but we have to make sure we cover all fronts on this issue. For example, we know that the health costs go up as a result of the chronic drug user. Our DAWN data reports the increase of some about 34 percent as far as heroin is concerned, people going to the hospitals for emergency. Centers for Disease Control estimated about one-third of new AIDS cases come from injection use of drugs.

There is a study in California that show, for example, that 5.2 percent of the mothers in that State tested positive for illicit drugs just prior to delivery. These are related costs. We know, for example, also that one study showed that it cost about, oh, $67 billion a year for the drug industry. That is over $100 billion a year unless we do something about it. That went into our consideration. We looked at what do we need to do.

There are three points to make there. One, we have seen a reduction in the casual, occasional drug user, the nonaddicted drug user, a rather significant reduction over years. We have seen no reduction in the chronic drug user, knowing that that is the drug using population that consumes the bulk of the drugs and commits the disproportionate amount of crime and violence. And our surveys show drug use amongst teenagers going up. Those factors frame our strategy. Our number one goal is to reduce drug use in America. That means all drug use, casual, hard-core as well.

Next to that, we want to prevent people from using drugs to begin with. That is where our educational program comes in.

You mentioned the workplace, for example. We see that as very important, and place a great emphasis on the drug-free workplace, which gives us the opportunity to marshal other resources beings other than Federal resources. We have had great success in the drug-free workplace initiatives in our large companies. Not that much success in our smaller companies, and probably about 70 percent of the drug users are employed, so if we can get an effective program of drug-free workplaces, we can do a couple—accomplish a couple of things.

Number one, get at those who are using drugs by virtue of the job, and two, hopefully get a message into the families and into the homes. What we are doing is not restricted to just what we do at the Federal level. This is not just a Federal budget, although we talk about—strategy, although we talk about Federal programs and Federal dollars. We see this as a national program. So one of the major goals we have is what we call empowering the community to work with us. We have to, if you would, create a crusade in America where our families are involved teaching values to their children.

We have to make sure that our educational system perpetuates those values in a clear no-use message continuing. We have to get our religious leaders involved. We will kick off a program soon that will mobilize our religious leadership. We talked about the workplace and the business community. The media must get involved.

This is not just a Federal program. We want to make sure that we get everyone involved if we are going to make a difference. So one of our major goals is that of empowering the community to get involved working with us.

Mr. LIGHTFOOT. Well, I appreciate your comments. Of course, I am a firm believer, I don't think programs make change. I think people are what makes the change and a program, it is a nice thing to make releases, but if people don't change their attitude, nothing is going to happen. Sometimes programs can lead you to it.

Dr. BROWN. That is what the President has been saying over and over again. There are some things we can do from the outside, but some things must come from the inside and that is where individual responsibility comes in. That is where accountability comes in. That is where communities, families must take responsibility for what goes on in our neighborhoods.

Mr. LIGHTFOOT. I don't want to belabor the point, but the things that you ticked off, that casual drug use has gone down, yet we are seeing use in teenagers going up, and then the costs you talked about that are associated with it, hospital costs and so on, it looks

to me from an old country boy's perspective, if you are going to help curb those increased health care costs and so on, where you see that line going up, the increased use with teenagers, I guess if I had the choice and I had a pot of money, I would spend it on trying to get those teenagers off of drugs now while we had a chance and then worry about trying to take care of the hard-core folks later on.

AUTHORIZATION ISSUES—ROLE OF ONDCP

But anyway, in the House Government Operations Committee, you are on a pretty short leash in that you have got about a year, I guess, or a little less now to prove the worth of the office. The staff went from, what, down to 25 and it has been boosted back up to 40.

Dr. BROWN. 40.

Mr. LIGHTFOOT. From the original 144. The President initially took it from concern number three down to number 29 on a list of 29 and waited five months before you were named to your position. And talk about signals being sent earlier, a lot of people took that as a signal that there wasn't that much interest in this issue, which makes your job that much more difficult. But with the things that have happened up to this point and the fact that, I believe, you are about on a one-year reauthorization process through that particular committee I guess I would like to know is what now has the President demonstrated to you that he is going to do to help you in the anti-drug effort and looking down the road to hearings before the Government Operations Subcommittee?

What kind of specific goals are you going to set out and try to achieve so you can go to them with a yardstick and say, this is what we have done—this is what we accomplished, rather, and therefore we should be reauthorized?

Dr. BROWN. Let me really try to lay to rest the issue about the President, because indeed he is committed to addressing this issue. I think he demonstrated that in many ways. The fact that I serve on his Cabinet at his request. My predecessors did not have the opportunity to do that.

Speaking out on the issue, the President mentioned yesterday that he has spoken on drugs some 85 times last year alone. Last week I met with the President three times, not counting I spent all day yesterday with him on the drug issue.

He has issued an Executive Directive which gives my office more power in the budget process in addressing up front programs that should go into the budgets of the other agencies. He has issued a presidential directive giving my office much more power in addressing the international and the interdiction efforts. In fact, I am appointing an interdiction coordinator that reports to me dealing with the resources of this government in addressing the interdiction of the drug problem throughout government.

I went with the President to Memphis a few weeks ago where he gave a speech there at a church and I was very—as were most people—moved as he discarded his text and spoke from the heart. It was issued in the context that he addressed the issues in my statement, one of the best speeches I think he ever gave, and demonstrated very clearly the problems we have in this country, whether it is education or jobs or competitiveness, family and how

that has impacted crime by the drug problem. It doesn't take a very narrow viewpoint. He sees the whole picture.

It is probably more important that he gave two speeches and only one was covered. He gave another speech on the same subject on the same day, and I rode with him in his limousine and we passed through a neighborhood. He got out of his car and met with the kids out there and shook their hands—the Secret Service probably didn't like it—but that is a demonstration of his commitment to address the issue of trying to be of help to people. He knew firsthand that his presence and shaking the kid's hand would probably have a lifetime impact on that child.

So I say all that to say that, as we talk about the President's commitment, there is no doubt in my mind that the President is committed to the issue, the fact that he has requested from the Congress a record $13.2 billion to address the issue, he has put his money where his mouth is. And I think that is something that all of us have to do in terms of addressing this issue.

I don't see this as an issue for Democrats or Republicans. I see this as an issue for America, because everybody suffers from this. I travel throughout this country and talk to people on a regular basis. I don't know one family that is not impacted one way or other by the drug problem.

The other part of your question deals with what do we intend to show. When I appeared before the various committees, including this committee, we made certain commitments about what we are going to do. We have delivered on our commitments. I sat in on the budget hearings where other agencies went before the President to discuss their budget.

He invited me to sit with him so there was a voice at the table when we talked about everything in government, my voice talking about the drug issue and what impact that has. That is the reason you find where, throughout the executive branch, that there are cuts, a reduction in budget. There is a request for an increase in drugs, which is a clear illustration not only of the President's commitment to this issue but this administration's commitment. So I think when I appear, I can give them, as I gave this committee, a success story as to what this office has been doing.

DRUG EDUCATION

Mr. LIGHTFOOT. I appreciate that. And I agree with you, it is not a Republican or a Democratic issue. It is everybody's problem. And the Government Ops Committee, Mr. Conyers is a Democrat and Mr. Clinger is a Republican, and they both were kind of singing out of the same song book. You and I could talk numbers on this committee, but they are going to want different things over there, I am sure.

Have we seen casual drug use go down, teenage drug use go down? I don't know what their parameters will be, but I would suggest that that is probably something they are going to ask.

A couple of quick number questions, but I guess a personal comment. You mentioned the President getting out and shaking hands and talking with these youngsters and I agree, that obviously any time a President takes time to speak to anybody, it leaves a glowing impact on the individual regardless of what political party they

are from. It usually doesn't hurt that President either in terms of what gets on the 6:00 o'clock news, so it is probably a two-way street in some respects.

But we visited in my office—you are a real personable, warm, friendly kind of guy. Are you going to be out in the schools talking to these kids?

Dr. BROWN. Absolutely.

Mr. LIGHTFOOT. Are we going to see you out there?

Dr. BROWN. Absolutely. I am doing that right now. That has been my modus operandi for all my adult life. As a police chief, police commissioner, I have always been a very strong component of the community policing.

Community policing means being with the people. I have always believed that the speed of the boss is the speed of the crew. If I expect other people to follow suit, I need to be out there providing the leadership myself. So I am doing it and I will continue to do it, and once we get all this budget behind us, I will probably even do more.

FY 1995 BUDGET

Mr. LIGHTFOOT. With your short crew that you have now, and I echo Mr. Wolf's words, that if there is an attempt to increase the size, I would certainly, I think, lean that direction.

You have got a huge thing to administer here. You have one individual who can take care of 36 accounts. I assume you have got someone else who can handle all those administrative duties, but it just seems to me that you are really the one who is in the bully pulpit on this particular issue.

And, again, I have never heard you give a speech, but just in private conversations, you hit me as somebody who could be very, very effective, particularly with kids, because I think they would warm up to you.

Anyway, now the numbers questions, and we will go to lunch here. In both fiscal year 1994 and 1995, you are requesting a line item of $50 million for consulting services. What are those services? What are they for? And if you don't have that with you, you could submit a list of the agencies, and so on that——

Dr. BROWN. Let me submit you the list of what the services are for and who received the funds.

Mr. LIGHTFOOT. I appreciate that.

[The information follows:]

FUNDS FOR CONSULTATION

Question. We understand that you are requesting a line item in your budget of $50 million for consulting services. Is this correct? What are those services for and who will provide them?

Answer. I have requested only $50 thousand for consultation, not $50 million. These funds are to provide for the services of experts from the private sector and especially the academic and research worlds. I receive excellent consultation from the drug control Departments and agencies, but have identified the need for a certain level of outside consultation. A perfect example of this is the panel of national scholars and experts on substance abuse prevention, that will be convened on April 26th. The experts will be reimbursed from the consultation account, at a level far below the ceiling set by Congress for that purpose.

Mr. LIGHTFOOT. And in fiscal year 1993, the office spent a total of $23 million on equipment. In fiscal year 1994, that jumped rath-

er dramatically up to $120 million and the request shows another $103 million in fiscal year 1995. Again, I would like to know what that is for. If you have a brief answer here and you can submit the detailed one for the record.

Dr. BROWN. That is just on the surface too large of a number. Let us give to you the actual number. That is just—hearing is much more than we would spend on equipment.

Mr. LIGHTFOOT. That kind of caught our eye because it is a big number.

Dr. BROWN. No. It is too much.

Mr. LIGHTFOOT. You bet.

I have some other questions we will submit into the record in the interest of time. Mr. Chairman.

Thank you, Dr. Brown, I appreciate it.

Dr. BROWN. It is $103,000, that is the number. Not $103 million.

Mr. LIGHTFOOT. There is a decimal point in the wrong spot here somewhere. Okay. That may be like the travel budget that came over from the White House. There was about a million dollars in travel expense; that is, didn't show up as a line item but it is down in the bottom somewhere, so we may have to check the computer over there. Something isn't getting in it too well.

Mr. VISCLOSKY (presiding). Mr. Olver.

INTRODUCTION STATEMENT—CONGRESSMAN OLVER

Mr. OLVER. Thank you, Mr. Chairman, and thank you, Director Brown for your comments earlier this morning.

I was in the audience as you were speaking and at the very end. There was a very shy but prominent man sitting next to me who had his hand up who wanted one last comment, he wasn't really wanting to ask you a question. He wanted to thank you. He was the sheriff of Worcester County in Massachusetts and he wanted to thank you for attending a funeral of a police chief in a rather small town of Paxton, which is not in my district but very close to it, and he was very grateful and wanted you to know that it was noticed and people in that area were grateful because that was rather a tragic loss of a police chief.

Dr. BROWN. Thank you for the message.

COCAINE USE AND INTERDICTION

Mr. OLVER. I congratulate you on being one of those key team members that will be part of the President's key group working on this whole issue of crime. Obviously you are one of those point people in this process, along with the Attorney General and along with the Secretaries of Labor and Education, Secretaries Reich and Riley, who obviously have to be very much key in the question of how does one get to the prevention and how does one deal with the education and job issues that are so much a matter of the President's balanced kind of program in dealing with this issue.

I, as the usual hit and run terrorist that one ends up being in this process, have been back and forth and missed much of what you said and I don't want to go into much detail. I wanted to explore just a little bit with you, I think I remember—when I was here earlier, that you had said that the interdiction had collected

an amount of drugs coming out of South America that represented one-third—just correct me when I get to a wrong inference here, one-third of the total production of drugs in South America.

Dr. BROWN. Cocaine.

Mr. OLVER. Of cocaine, just of cocaine.

Dr. BROWN. Yes, sir.

Mr. OLVER. I see, okay. And did I also hear you say that that represented slightly more than or slightly less than half of the cocaine usage in this country?

Dr. BROWN. A little more than we use and consume in America.

Mr. OLVER. What we interdicted was a little bit more than we use?

Dr. BROWN. That is correct.

Mr. OLVER. Now, that means then that amount of cocaine is actually getting into the country or is this manufactured and is this coming in from South America? Would I be right then in inferring that you are interdicting only just about half of what is actually coming from South America and getting into the country?

Dr. BROWN. There is another third that is lost someplace or goes to other parts of the world, Europe or someplace.

Mr. OLVER. Yes, sure. So you are getting one part. We are interdicting one part in three, about an equal amount to what is actually getting in from South America on the cocaine side?

Dr. BROWN. In this country, Americans consume about 300 tons of cocaine annually. America—we will seize about 338 tons and there is about——

Mr. OLVER. Last year?

Dr. BROWN. Yes, sir. There are about 300 tons that go to the rest of the world.

Mr. OLVER. Another 300 tons that goes to the rest of the world. So does all of this cocaine that is used in this country come from South America?

Dr. BROWN. They supply 100 percent of the cocaine.

Mr. OLVER. 100 percent, okay. So we are actually interdicting just barely more than half of what is being shipped in this direction, so 300 tons is still coming in.

Dr. BROWN. That is correct.

Mr. OLVER. Okay. That deals with the cocaine situation. I was looking at your maps in here and trying to get a sense of what the whole flow of not only cocaine but other kinds of hard drugs and of some of the softer ones, where it is produced, where it comes from, how much is interdicted and so forth.

It must be—while you have just clarified for me what the cocaine picture is, there must be a whole bunch of other pictures in tonnages that you can also indicate and there must be some way of putting these in pie charts. I am sure somewhere there is a report that shows what are the amounts of different kinds of drugs that come in, because I didn't quickly see them here. Maybe if I read all the tables, I might have been able to pick that up.

Do we have a pictorial way of seeing what the tonnages are of different sorts of things, what is actually being shipped in from outside, what is being produced within, where in some cases it is being produced within to give a picture of the actual prevalence and the overall commerce in this?

Dr. BROWN. If you have a copy of our strategy here——

Mr. OLVER. By the way, your maps are a little bit out of date in some cases. There are a number of countries that are not there that should be. One of them still has East and West Germany. So by the time we get—that is already gone five years.

Dr. BROWN. If I could refer you to page 107 and give the answer, of course, that you are posing to me, the world potential net reduction.

Mr. OLVER. But how much of that then comes into the U.S.? I don't expect you to try to find these, there may be something that your staff can identify that gives a pretty good road map of where each of the types and how much is either produced within the country or coming into the country and from where.

I would like to, as a member of this committee, get a sense, because this is a matter that we are dealing with steadily, of what the real flow of commerce from outside in and how much in the types which are already produced here is actually internal and does not involve the commerce from outside.

And if you can direct me to where to find that or some document that has it, I think there must be a very good way of using some pie charts to show that kind of tonnage and poundage, usage and flow and production outside the flow from where and so forth.

Dr. BROWN. I can provide something for you. We know on heroin, for example, probably less than 20 metric tons come into the country. Heroin is a bigger problem for other countries than America. Let me put something together for you that will answer your question.

[The information was submitted to Congressman Olver.]

UNDERCOVER DRUG OPERATIONS

Mr. OLVER. Okay, that would be great. Let me just follow one short matter. Within the agencies that are dealing in drug enforcement, can you give me some sense of how many dollars, how many people are involved in undercover purchase, say, from drug dealers as a part of the law enforcement process?

Dr. BROWN. Let me present that to you at a later date. I will get it for you. The major agency obviously would be the Drug Enforcement Administration.

Mr. OLVER. I take it that we do have programs of drug purchase. I assume we are doing it both at the Federal level and probably at the municipal and State levels as well throughout law enforcement.

Would that be a correct inference?

Dr. BROWN. That is correct.

Mr. OLVER. And probably your agency has the capacity to give me some sort of a sense of how much is being done. You may not know at the local. If you do, I would like to know what you think is being done by just local law enforcement officials in the same kind of a way in terms of how much we are spending to do that and how many people we are involving in that.

At the same time, do we also have at the Federal level a process of sale of drugs on the street?

Dr. BROWN. No, sir.

Mr. OLVER. No, not at the Federal level?

Dr. BROWN. No, sir.

Mr. OLVER. Do we have that at the local level?

Dr. BROWN. I am not aware of the sale of drugs by government.

Mr. OLVER. By government or local government or law enforcement officials?

Dr. BROWN. I am not aware of that.

Mr. OLVER. Not aware of that. I have heard it alluded to. I am not sure that I have seen any good hard data, anything that I could stake much on exactly, but I have heard that alluded to at least as the mirror image, the counterprocess of law enforcement officials, both purchasing, which I think if you are trying to get at sellers, that certainly is a—people who have got—who are the dealers, who are the sellers, who are the people who are pushing the drugs.

But I have also heard a bit about the other, the matter of law enforcement officials actually being—selling as a part of sting operations, and you think that is not done at the Federal level at least?

Dr. BROWN. I have no information that all those suggestions are ever done at the Federal level. Our efforts are basically undercovering, buying of narcotics, not selling them. There may be jurisdictions, and I am not sure which ones it would be at the local level, where the law enforcement officers may pose as a dealer and then arrest someone for soliciting for drugs or something of that nature. I can't tell you any specifics on that. That is about the only thing I can imagine would be happening. No jurisdiction where I have ever worked have we ever done that, however.

Mr. OLVER. Okay. I don't want to pursue that any further. I am curious if your people have anything on those things. The very words you used on posing as a dealer in order to intercept solicitation for drugs puzzles me a little bit, but——

Dr. BROWN. That was just my speculation. That is the only thing I could imagine would be either the reason that government, local law enforcement would sell drugs, would be an enforcement tool. Otherwise, I see no reason for that to even be the case.

Mr. OLVER. Okay. Thanks.

Mr. VISCLOSKY. Thank you. Mr. Lightfoot, do you have anything else?

Mr. LIGHTFOOT. Mr. Chairman, I have some other questions, but we will just submit them for the record. It is lunchtime.

Mr. VISCLOSKY. Are you trying to cut me off?

Mr. LIGHTFOOT. You are the Chairman. You can stay here until tomorrow morning. I don't care.

ELIMINATION OF UNPRODUCTIVE PROGRAMS

Mr. VISCLOSKY. Dr. Brown, just a couple of more questions. We had a conversation earlier about programs that work and programs that do not work. We also had that conversation the last time you appeared before the Committee.

During the subsequent testimony, I have been going through some of the budget numbers, and my sense from it is that you have done exactly that in terms of the President's submission, not only in your office but across the board.

I would allude to page 33 of your budget summary of the drug control strategy and under the administration for children and families, a look at the item, child abuse programs, emergency child

abuse prevention. The $19 million, that is a 1994 estimate, is zeroed out, but the funds will be directed to other child abuse and neglect activities.

I also would note, on page 56, under the Center for Substance Abuse Treatment, that under the demonstration programs in 1994, we have about $9.4 million set aside for campus programs that was zeroed out. You have an AIDS demonstration program at $18.3 million this year, 8.2 million next year. And, getting back to one of the themes that we spoke about today, hard-core substance abuse, a total of $35 million.

My sense then, if I looked at all of these figures, is that you have picked and "choosed." Some of these programs are slated for repeal. Some will be folded in, some simply cut.

Dr. BROWN. And some are demonstration grants where the demonstration period ended but our objective is to make sure we fund those things that are working, and that is what you see reflected in the budget.

INCARCERATION OF THREE-TIME FELONS

Mr. VISCLOSKY. I appreciate that. I don't see that often in a budget document.

The other question I have is, there is a great deal of sentiment in many of the State legislatures, certainly on Capitol Hill, that we would have lifetime incarceration for those who commit three violent felonies.

One of the concerns I have is about the correctional system. I had a town forum in my district last Saturday and one of the gentleman who spoke had the solution to the fact that we have doubled the prison population, that we should kill everyone who is in prison, to which he got a loud round of applause, in all seriousness.

Are we setting ourselves up for a problem where we will simply continue to expand that population of those who are obviously very violent and very dangerous to society, pushing people out on the back end of this process?

I am not meaning to imply I am opposed to the third time and you are out. I am concerned about, are we going to house these people and in some cases force people out of the system that should stay there a while longer.

Dr. BROWN. There is very little we can share with you on that because that is pending legislation that we have no idea as to what form it will take and—once it is passed by Congress, if it is passed. We don't know what constitutes a strike, for example, so the Attorney General is looking at that as an issue, studying the issue as part of our administration's response to the crime bill. At this point, we do not have the basis to give any response to it.

Mr. VISCLOSKY. Excuse my inference. Do you know if there was an increase or decrease in the President's budget on correctional construction, construction of additional correctional facilities? I could look it up. If you knew, fine. If not——

Dr. BROWN. We can provide that for you.

[The information follows:]

PRISON CONSTRUCTION

Question. Do you know if there was an increase or decrease in the President's budget on correctional construction, construction of additional correctional facilities?

Answer. The FY 1995 budget request is $2.6 billion for the Federal Bureau of Prisons, an increase of almost $400 million, or 17 percent over FY 1994.

CONCLUSION

Mr. VISCLOSKY. Okay. Dr. Brown, thank you very much.

Mr. Olver, anything else?

Mr. OLVER. No.

Mr. VISCLOSKY. Thank you very much.

Mr. BROWN. Thank you very much. We appreciate the hearing.

[Questions submitted for the record and budget justification materials follow:]

QUESTIONS SUBMITTED BY THE COMMITTEE

ONDCP OPERATING EXPENSES

QUESTION

Last year, your office housed 147 employees on three floors of GSA leased office space. Today, I understand that there are 44 employees. Presumably, with 1/3 the number of employees, you only require 1/3 the office space you have previously maintained.

How many floors of the Seventeenth Street building you are now leasing from GSA? Has any space been relinquished given the recent downsizing? If so, were there any costs associated with altering your lease terms?

ANSWER

ONDCP is currently leasing two floors of the Seventeenth Street Building. After the reorganization ONDCP relinquished 4,500 square feet at 800 Connecticut Avenue and one floor of leased space at Seventeenth Street building. There were no costs associated with altering the current lease terms.

ONDCP AND THE NEW WHITE HOUSE TELEPHONE SYSTEM

QUESTION

The White House has installed a new telephone system for the Executive Office of the President. What is the ONDCP share of the total cost for this system?

ANSWER

ONDCP's share of the system is $45,000. We have requested the share of the total cost for this system from the Office of Administration and upon receipt of this information, we will forward it to your office.

ONDCP AND THE NEW WHITE HOUSE TELEPHONE SYSTEM

QUESTION

How does that compare to your fiscal year 1993 costs for your previous system?

ANSWER

	FY93		FY94			
	Mth	Yr	Mth	Yr	Mth	Yr
C&P Connectivity Charges	3,365	40,381	3,307	N/A	3104	N/A
Bell Atlantic Maintenance	1,676	20,108	1,880	N/A	N/A	N/A

ONDCP's old telephone switch was in service until December 30, 1993. ONDCP has not received complete billings relating to service for the new switch. The N/A above signifies that the information is not available at this time. Once we are billed for these charges and are information is available, it will be forwarded you.

ONDCP AND THE NEW WHITE HOUSE TELEPHONE SYSTEM

QUESTION

It is my understanding that ONDCP bought and just had finished paying for the previous telephone system. What was the cost of that system? What was the estimated annual cost following amortization? What will happen to that system and its associated wiring and hardware? Will the government receive any financial return on its investment?

ANSWER

Meridian SL-1 System	
Model 21	$114,245.00
Installation & Wiring	$46,103.00
Station Wiring	$4081.00
	$194,429.00
Model 61 Upgrade	$30,262.00
Installation	$8,222.00
Upgrade Non-GSA	$931.00
	$39,415.00
Total	$233,844.00

On February 25, 1994, the Meridian SL-1 PBX Model 61 and associated equipment were transferred through GSA to the Department of State. Station wiring remained in place and is being used for the new system with a slight modification to the phone jacks.

As the system will be installed and operated within the auspices of the Department of State, it is assumed the government will continue to receive financial benefit from the original purchase.

QUESTIONS FOR THE OFFICE OF NATIONAL DRUG CONTROL POLICY
REGARDING
STAFFING AND THE RECENT REDUCTION-IN-FORCE (RIF)

QUESTION

What is the size of your security detail? Without telling me things that are otherwise better left unsaid, are you receiving more or less security than your immediate predecessor. A recent article in the American Spectator quotes one previous staff member as saying that unless you travel abroad, there is no threat to you. Is this true? Why do you continue to maintain protection? What is the total cost of your security, including the cost of the automobile rented for your use by the Marshal Service, travel of advance security teams and your own daily security? What percentage of your total budget is paid or reimbursed to the U.S. Marshal Service for your personal security?

ANSWER

Due to security concerns and the potential risk that this information may cause if publicly disclosed, ONDCP would prefer to answer these questions in a more confidential manner.

STRATEGY SHIFT TO TREATMENT AND PREVENTION RELATED TO HARD CORE USERS

QUESTION

It seems to me to be true that in your statement "Chronic hard core drug use and the violence that surrounds it are at the heart of the nations current drug crisis", but upon what statistical analyses is that statement based?

ANSWER

This statement is derived from a synthesis of our current knowledge and understanding concerning the roots of crime and violence and the interplay of drug use in relation to these problems. Several works in progress under our research contract pertain to this, and we are also informed by past tasks under the contract. In addition, we have had the benefit of some excellent consultation from RAND, BOTEC, and other experts in the field. Additional information was derived from the Department of Justice's Report titled, *Drugs, Crime, and the Justice System: A National Report* and from discussions of the key DOJ staff that worked on the Report.

SHIFT IN STRATEGY FROM CASUAL TO HARD CORE USE

QUESTION

A recent survey of high school seniors indicated that the general reduction in casual use that we have seen occurring in past years has reversed itself and the percentage of high school seniors using drugs in 1993 has increase over 1992.

A. Do you consider the National High School Senior Drug Abuse Survey to be an indication of "casual" rather than "hard core" use of drugs?

B. Do you think that this survey indicates a trend may be developing in which casual drug use may be increasing?

C. Are education and prevention programs more effective with "casual" users than with "hard core" users?

D. Are you concerned that the strategy of shifting emphasis from "casual" to "hard core" use may result in "casual use" increasing?

ANSWER

- The National High School Survey reflects the use of drugs by school-age children. We know that drug use in this group is overwhelmingly casual. Still, we believe that it indicates the size of the pool of young users, some of whom will go on to heavier use of illicit drugs.

- We are concerned that increases in use by 8th, 10th and 12 graders reflected by the Survey in the 1992-93 school year may indicate a significant reversal of drug use within this group. We are particularly concerned with indicators of lessening belief among American high school students that illicit drug use can cause serious harm.

- Prevention and intervention approaches generally have greatest effect among non-addictive users. These include education programs within the nation's schools.

- The 1994 National Drug Control Strategy envisions a continued high level of funding for prevention programs, including school-based anti-violence and anti-drug education programs, at the same time that it provides added funds for treatment for hard-core drug users. The Strategy continues to emphasize the need to deter use among our youth, and the need for effective prevention programs that can keep them, and other casual users, from ever using illicit drugs.

SHIFT IN STRATEGY FROM LAW ENFORCEMENT TO TREATMENT AND PREVENTION

QUESTION

One of the greatest concerns of the American public is the increase in violent crime. We need to establish the statistical link between violent crime and drug use.

A. About what percentage of violent crime in America do you believe is directly related to illegal drugs?

B. Do you have an approximate break out of these crimes to identify those associated with the trafficking of drugs versus drug use?

C. Is almost all violent crime associated with hard core drug use?

ANSWER

A. At present we have no accurate way to measure the percentage of violent crime that is directly related to illegal drugs. The Department of Justice has been trying to develop such measures and we support continued work in this area. One of our research contractors is developing a policy brief on the relationships between violent crime and drugs and we will share it with you when completed.

B. No such breakout is available at this time, either from the Uniform Crime Reports or any other data source. Crime categories are reported, but the deeper reasons for the commission of those crimes in difficult to determine. We will ask the Department of Justice to make the best estimate they can, and provide it to you.

C. No, while a certain portion of violent crime and property crime is certainly related to hardcore drug use and the presence of open-air drug markets, a great deal of violent crime is not related to hardcore drug use, or any other type of drug use. Much violence stems from family disputes, mental illness, alcohol abuse, and other crises related to longterm social and economic problems.

SHIFT IN STRATEGY FROM LAW ENFORCEMENT TO TREATMENT AND PREVENTION

QUESTION

The President's 1995 budget, when compared to 1994, reduces supply reduction (law enforcement) from 63 percent to 59 percent of the Federal Drug Control Funding Budget while increasing demand reduction (prevention and treatment) from 37 percent to 41 percent. What impact do you anticipate this reduction in emphasis will have on law enforcement programs?

ANSWER

- While the percentage of funding for supply reduction has been reduced from 60 percent to 59 percent as part of the total drug budget, it must be noted that funding has not been reduced.

- In fact, the President's 1995 Budget request includes an increase in funding of $226.6 million for domestic law enforcement initiatives. This increase is principally for community policing efforts.

SHIFT IN STRATEGY FROM LAW ENFORCEMENT TO TREATMENT AND PREVENTION

QUESTION

What specific action are you taking to increase law enforcement efforts to combat violent crime associated with drug use and trafficking?

ANSWER

Most specific actions that the Office of National Drug Control Policy can take relate to the Strategy and our budget authority. We use the policy development process, along with the process of budget certification and our consultation process to lead Federal drug control Departments and agencies into doing, in our areas of interest and control, what the Administration has determined will impact favorably on drug-related violent crime. Included are community policing initiatives, targeted prevention programs, the heavy users initiative, and evolutionary changes to the HIDTA program.

But the violence related to drug use and trafficking are difficult to separate from other sorts of violence, and so we generally attempt to impact all Federal efforts against violence to include in them a realistic view of the role played by drug use and trafficking. Only through a rational and well-considered systems approach to developing solutions to the problem of violent crime can we hope to have a real impact and reduce the terrible toll in human lives wasted, development stunted, and families destroyed.

SHIFT IN STRATEGY FROM LAW ENFORCEMENT TO TREATMENT AND PREVENTION

QUESTION

What is the analytical basis for believing that additional funding for "treatment" and "drug abuse prevention and education programs" for hard core drug users will be more effective than using that additional funding for law enforcement programs or for prevention programs related to casual use?

ANSWER

The basis for this relates to work done for ONDCP by RAND that shows the evolution and structure of the cocaine market. This market, in the early 1970s, was about equally split between casual and hardcore users. But as time has passed and the cocaine market situation has changed, that market has come to be dominated by hardcore users. The immense profit comes from their use and it is them that the traffickers target most. Unless we reduce this population through coordinated and concerted efforts by law enforcement and by treatment professionals, we cannot hope to reduce the size or restrict the profit of the cocaine market. And as long as the cocaine market exists, new users will be attracted and, if left untreated and not impacted by appropriate and effective secondary and tertiary prevention efforts, they will become chronic hardcore users. We have been effective in the past in reducing casual use -- now we must address the problems presented by the much more difficult hardcore user population. Law enforcement has not, and cannot, do it all alone.

As a matter of clarification, our Strategy calls for prevention efforts to continue to be targeted at non-users and casual users. We do not expect prevention efforts to be effective in addressing the problems of hardcore users. We will continue support for primary prevention and, as stated in the Interim and 1994 Strategies, we will seek to reinvigorate and revitalize our prevention efforts.

EFFECT OF EXPIRED AUTHORIZATION

QUESTION

During last November's hearing before this committee, we discussed your ability to coordinate Federal drug control efforts. This committee believes that without sufficient authority you would be unable to ensure the implementation of a coordinated drug policy. The authorizing committees have discussed a reauthorization of ONDCP but the bill was not addressed by Congress before the end of the last session. It is unclear what will happen next.

What is the status of reauthorization of ONDCP?

ANSWER

- Different versions of ONDCP's reauthorization passed both houses of Congress at the end of the last session. We are waiting for a resolution between the two versions to be worked out in conference.

EFFECT OF EXPIRED AUTHORIZATION

QUESTION

Has this lack of an authorization affected your ability to implement the President's National Drug Control Strategy?

ANSWER

- The Administration strongly supports reauthorization of ONDCP and has proposed legislation to the Congress to accomplish this. Different versions of ONDCP's reauthorization passed both houses of Congress at the end of the last session. These actions are clear evidence of Congressional intent that the work of the office go forward while the details of reauthorization are worked out between the House and Senate.

- In addition, the President has issued Executive Order 12288 (November 16, 1993) to strengthen ONDCP's existing authority, especially in the area of the budget development process. This allows ONDCP greater flexibility in identifying needed resources and drug policy priorities during the certification process for Federal agency drug control budgets to implement the strategy.

EFFECT OF EXPIRED AUTHORIZATION

QUESTION

Despite your lack of an authorization, were you able to influence the Fiscal Year 1995 budget process to ensure the budget supports the President's new strategy?

ANSWER

- The Federal Drug Control agencies were receptive to ONDCP's requests for 1995 Budget information. Despite the lack of an authorization, we were able to review nearly all of the Tier I, II and III 1995 budget requests.

- In fact, the Director had the opportunity to partake in Presidential Budget reviews for the drug and non-drug accounts.

- This enabled the Director to ensure that adequate resources were allocated to drug programs highlighted in the National Drug Control Strategy.

BUDGET SUPPORT OF THE NEW STRATEGY

QUESTION

A test of your effectiveness is whether you have been able to impact the Federal Budget to ensure that the Strategy is reflected in the 1995 budget. In what ways is the 1995 budget different from 1994 and how does this reflect a change in strategy?

ANSWER

- The Interim Drug Control Strategy established a blueprint to be followed during the 1995 Budget and Strategy formulation process.

- To that end, the policy set-forth in the Interim Strategy drove the funding levels requested in the budget. This is unique to previous budget developments where the budget requests typically drove the policy.

- Additionally, the 1995 budget requests $13.2 billion, an increase of $1.0 billion. This is the largest Presidential request for drug funding ever.

- Further, the budget includes an increase of $355 million for targeting the chronic, hardcore drug using population. It also includes an increase of $191 million for drug and violence prevention programs in the schools. Finally, it increases international funding by $76 million, as well as instituting a controlled shift in program emphasis from the transit zones to source country efforts.

BUDGET SUPPORT OF THE NEW STRATEGY

QUESTION

In what way did your position as a member of the Cabinet affect the budgetary implementation of the new strategy?

ANSWER

- The appointment to the Cabinet gave the Director the opportunity to partake in the Presidential appeal process of all of the drug and nondrug accounts.

- Moreover, it assured that the Director would have the opportunity to communicate with other Cabinet members with regard to the funding priorities of the National Drug Control Strategy.

- Further, since the Director had the opportunity to partake in the Presidential reviews, it assured that additional resources would be available for the FY 1995 request for drug priorities, such as treatment for chronic hardcore addicts, community- and school-based prevention and international efforts.

BUDGET SUPPORT OF THE NEW STRATEGY

QUESTION

As a percentage of Federal drug control spending, has the level of demand reduction increased or decreased?

ANSWER

- As a percentage of Federal drug control spending, demand reduction efforts have increased from an estimated 37 percent in FY 1994 to an estimated 41 percent in FY 1995.
- This represents an increase of $826.5 million in FY 1995 funding for demand reduction activities.
- It should also be noted that supply reduction funding also increased in FY 1995 by $217.1 million.

BUDGET SUPPORT OF THE NEW STRATEGY

QUESTION

In our November hearing, a representative from the Rand Corporation stated that the presentation of a Federal Drug Control Budget was misleading because the funding levels were not very accurate. What is your assessment of such a presentation? What can be done to ensure more accurate financial accounting?

ANSWER

- During the budget formulation process for FY 1995, ONDCP reviewed the methodology of each account in order to ensure accuracy.

- Many of the estimates for the supply/demand split are derived from the Federal drug control agencies and Departments based on prior year actuals.

- In some instances, in order to estimate the supply and demand splits, experts and researchers were contacted to estimate the appropriate percentages that should be attributed to each. This was particularly true for new programs.

PERFORMANCE MEASUREMENT

QUESTION

We had a lengthy discussion in November concerning performance measures for key aspects of the drug war. We are concerned that the Strategy includes broad goals associated with reducing drug use, but little to provide a line between objectives, funding, and results. How far along are you in developing such measures?

ANSWER

We are well along in refining our measures, based on the specific objectives in the Strategy.

PERFORMANCE MEASUREMENT

QUESTION

Is the 1994 budget request based on such performance measures? If not, how will you know if the new strategy is effective?

ANSWER

The 1994 Budget is not based on performance measures, but, as with all our programs and initiatives, we intend to continue to fund only what works.

PERFORMANCE MEASUREMENT

QUESTION

What are your plans for incorporating the measures into the strategy reporting process?

ANSWER

These plans have not been finalized.

IDENTIFYING PROMISING PROGRAMS

QUESTION

The September 1993 Interim Drug Control Strategy states, "A drug policy must focus on those programs that have proven to be successful and cost-effective." Have you had the opportunity to begin identifying both promising and not so promising anti-drug programs?

ANSWER

- The process of identifying effective and promising programs is underway and will continue.
- One example of the approach being taken is the National Structured Evaluation (NSE) of prevention programs being completed by the Center for Substance Abuse Prevention (CSAP).
- This nation-wide evaluation project screened over 2,000 substance abuse prevention programs and chose 440 for in-depth evaluation. This will be the most exhaustive study of "what works" in substance abuse prevention programming completed to date.
- In accordance with this evaluation, CSAP's National Center for the Advancement of Prevention is developing benchmarks, guidelines, and standards for effective substance abuse prevention programs.
  - These will include ideal performance characteristics as well as techniques for assessing practical performance indicators of programs and systems.
- This year, CSAP will offer to assess any existing program against these criteria to attest to their potential effectiveness and offer recommendations for changes that would bring them in line with state of the art practices.
- This should result in a number of model programs and an increased national understanding as to what is effective with regard to substance abuse prevention.

IDENTIFYING PROMISING PROGRAMS

QUESTION

Does the 1995 budget "weed out" those programs which have shown to be unsuccessful or not cost-effective?

ANSWER

- I do not have on hand specifics about individual programs within the drug control agencies. We have changed the direction of our drug control efforts and the FY95 budget recognizes that shift. However, the specifics about individual programs are never detailed. We will rely on directed efforts by the Drug Control Departments and agencies to identify unsuccessful programs.

- As the Strategy indicates, the 1995 budget attempts to reduce funding for those programs and areas that do not produce the most effectiveness and efficiencies.

- This is particularly true for programs and functional areas where there has been a shift in emphasis. For example, the Customs air and marine programs was reduced by nearly $31 million based on the current drug threat.

- In constructing the FY 1995 Budget, ONDCP has worked closely with Federal agencies to ensure that emphasis is placed in every case on programs that work, and that programs that do not give reasonable assurance of effectiveness are discontinued.

IDENTIFYING PROMISING PROGRAMS

QUESTION

What are the more promising programs and what differentiates them from other programs?

ANSWER

- Multi-agency (Federal, state and local) joint investigative efforts have proven to be much more effective (in terms of both dollars and results) than operations run by individual agencies or offices.

- Investigations that are based on or built around good investigative intelligence and supported by adequate numbers of intelligence analysts have proven to be effective in focusing limited agent resources.

STAFFING

QUESTION

Last year there was concern about whether ONDCP would be able to carry out its responsibilities with only 25 people on staff. Therefore, the appropriations committees increased the level of staffing by providing a total of 40 full-time-equivalents. The budget we received on Monday indicates there will be a 1994 supplemental request to eliminate the appropriation language fencing these positions. What is going on here?

ANSWER

The elimination of the appropriation language is due to the Administration's policy of not including an FTE floor level within the Executive Office of the President. The Administration believes that having an FTE level included in the appropriation language violates executive privilege.

STAFFING

QUESTION

What is the status of your ability to hire up to the 40 positions in 1994?

ANSWER

A staffing pattern incorporating the 40 positions has been defined.

Personnel actions are currently underway to bring the remaining staff on-board to reach the staffing level appropriated by Congress, in a manner that is consistent with the proposed office structure in the re-authorization.

STAFFING

QUESTION

Have the staffing constraints been a factor in the ability of ONDCP to effectively implement the President's Drug Control Strategy?

ANSWER

No, we have not faced such problems, to date. We are relying on close coordination with and the fullest cooperation of the drug control Departments and agencies.

BYRNE ANTI-DRUG ABUSE GRANTS

QUESTION

It is my understanding that there is consideration being given to terminate the Edward Byrne Memorial State and Local Law Enforcement Assistance Program. This program is designed to assist state and local law enforcement agencies in carrying out specific anti-drug programs. What is the status of this program -- is it being considered for termination?

ANSWER

The Administration's FY 95 budget proposed eliminating the formula grant component of the Byrne Memorial State and Local Law Enforcement Assistance Program, but not the discretionary program. Byrne discretionary funds were slated for a 100% increase.

The main reason for this change is that the Administration's budget proposed dramatically expanding and directly funding many of the programs currently funded through the Byrne formula program, such as -- community policing, boot camps, criminal justice drug treatment and other innovative anti-drug programs. In fact, the budget proposes an overall increase of more than 300% in state and local law enforcement assistance.

However, based on input from mayors and governors around the country, the Administration has reassessed it previous position eliminating the Byrne Memorial Fund formula grants from the President's budget, and has restored $125 million in formula grant allocations to states.

The restoration of $125 million in Byrne Grant funding will be sufficient to cover the federal share of all existing multi-jurisdictional drug task forces. However, states will still have the flexibility to spend the restored funding on priority matters of their own choosing.

BYRNE ANTI-DRUG ABUSE GRANTS

QUESTION

It is my understanding that the Byrne Anti-Drug Program was to be the funding vehicle used to put an additional 100,000 law enforcement personnel on the streets. If this program is terminated, how would we fund the additional law enforcement personnel?

ANSWER

- The 100,000 cops on the Street is being proposed through the Violent Crime Control Trust Fund. This is referenced in the National Drug Control Strategy and accompanying Budget Summary as Crime Control Fund.

- It is estimated that there will be a total of $568 million in drug-related funding in FY 1995 for enhanced community policing efforts through the Crime Control Fund.

BYRNE ANTI-DRUG ABUSE GRANTS

QUESTION

If the program is terminated, would it be replaced with another program to assist these law enforcement agencies and what would be the financial impact on local law enforcement agencies?

ANSWER

Every state and most law enforcement agencies should be eligible for more funding under the crime bill than they are currently eligible for under the Byrne formula grants. Still, the Administration is concerned about the enforcement impact of reducing Byrne if expenditures -- such as multi-jurisdictional task forces -- are not included in the final crime bill. For this reason, we would ask congressional appropriators to maintain a funding level of $125 million in Formula program -- about the same amount currently spent by states on task forces -- and to take the money from the following sources: $50 million from the Attorney General's proposed funding for Byrne discretionary grants; $25 million from the proposed increase for the Office of Juvenile Justice and Delinquency Programs; and $50 million from the President's request for community policing funds.

HIGH INTENSITY DRUG TRAFFICKING AREAS

QUESTION

The Director is authorized to designate certain areas in the United States as High Intensity Drug Trafficking Areas (HIDTAs) for the purpose of providing increased Federal assistance to combat drug trafficking. The amount requested for this effort in 1995 if $98 million. Will these funds be broken out for each HIDTA?

ANSWER

Yes, each HIDTA will have a target funding level in the Fiscal Year 1995 HIDTA Program Guidance. This guidance is currently being coordinated with the Departments. I expect to release this guidance this month.

- It is anticipated that funding levels for the five "gateway" HIDTAs will approximate previous funding levels.
  - -- Between $10 - $12 million each for New York, Los Angeles, Miami, and Houston.
  - -- Approximately $38 million for the Southwest Border HIDTA.
  - -- $12 million for the Washington-Baltimore HIDTA.

HIGH INTENSITY DRUG TRAFFICKING AREAS

QUESTION

Has the HIDTA program been successful and what measures do you have which indicates that drug trafficking has been reduced in these areas?

ANSWER

The HIDTA program has been successful in developing Federal, State, and local partnerships in the most critical drug trafficking areas of the country. In the gateway HIDTAs, the measures of effectiveness include dismantling of the most significant drug trafficking organizations. The task forces of the HIDTA program have dismantled a number of these organizations.

In the new "distribution" HIDTA, we will be using measures to indicate a reduction in the number of drug distribution networks and hard core users.

CORRECTION SYSTEM

QUESTION

State and Federal prison populations have increased dramatically due in large part to drug related convictions. Currently several states and Congress are considering legislation to incarcerate for life those convicted three times for violent felonies. Do you believe that such proposed legislation would cause the prison population to exceed available space?

ANSWER

No, since such felons would have been incarcerated in any case. The length of the terms they serve will not have an overwhelming impact for some years, and by then, needed space can be added. Thankfully, there are not an overwhelming number of repeat violent offenders, and, hopefully, these laws will, in the long run, act to reduce their numbers.

CORRECTION SYSTEM

QUESTION

Would such legislation force the corrections system to relieve overcrowding by providing early-release of non-violent drug offenders? What impact would this have on the President's Drug Control Strategy?

ANSWER

I do not believe so. As to impact on the Drug Strategy, I do not foresee any impact. We are supporting development of alternatives to incarceration for non-violent drug offenders, in any case.

CORRECTION SYSTEM

QUESTION

With respect to drug related non-violent felons, what alternatives to incarceration could be employed to make room for violent felons while ensuring public safety?

ANSWER

- The necessary interventions are rather straightforward -- drug testing, intensive offender management and supervision, graduated sanctions, and drug treatment administered in accordance with a thorough treatment plan for each offender.

- Graduated sanctions, in lieu of incarceration, are simply progressively more restrictive and intense interventions -- for example, drug testing and monitoring, day reporting, supervised outpatient treatment, house arrest, day treatment or intensive outpatient treatment, short periods of incarceration with treatment, and boot camps with treatment.

- So-called "drug courts" offer an excellent means to employ these sanctions. The judge, the prosecutor, the public defender, the management and supervision staff, and the treatment staff function as a team committed to getting drug users into treatment and keeping them in treatment through to completion.

- The common objective of drug abuse intervention courts is to break the cycle of drug use and recidivism. And they should be considered effective to the extent that they use the authority of the court to help the community secure supervised treatment for drug dependent offenders, thereby reducing drug use and criminal activity.

- These programs offer great promise; however, it is essential that such courts be supported by the infrastructure and staff necessary to identify, refer, treat, monitor and report on the progress of drug-dependant offenders. Otherwise, public safety can be compromised and treatment undercut.

- Other requirements for effective community programs include: a thorough understanding of drug use and addiction; an ability to communicate with criminal justice populations; and clear expectations on the part of the bench, the prosecutor, the public defender, corrections personnel and treatment personnel.

BORDER CONTROL

QUESTION

Background -- In 1991, ONDCP, through INS, contracted with Sandia National Laboratories to conduct a systematic analysis of security along the United States/Mexico border between the ports of entry and recommend measures by which control of the border can be improved. In January 1993, Sandia issued its report called, "Systematic Analysis of the Southwest Border."

The report recommended that INS could reduce illegal entry and associated drug smuggling with a combination of increased use of technology and redeploying existing forces. The study estimated it would cost $250 million to construct the full system (i.e. barriers, additional checkpoints, sensors) and hire the additional personnel needed.

We understand that the Sandia National Laboratories has submitted a report on requirements along the Southwest border and cited a need to increase physical barriers and redeploy staff. What are your views on the study's finding?

ANSWER

- The Sandia Lab study was funded through the Southwest Border High Intensity Drug Trafficking Area (HIDTA) process in 1991.

- The study made numerous recommendations concerning the acquisition of new technologies and equipment but also recognized that just adding equipment would not necessarily have a major impact on controlling the border.

- Partially as a result of this study, INS/Border Patrol have been developing more proactive strategies and plans on dealing with the border. Additional equipment likely will be part of the plans.

- I agree with the approach that INS/Border patrol is taking - better strategies lead to better results.

BORDER CONTROL

QUESTION

What are your plans regarding implementation of the study's recommendations?

ANSWER

- The Immigration and Naturalization Service will include those portions of the Sandia Lab report that fit in with the INS/Border Patrol overall strategies and plans. The study was certainly helpful to INS/Border Patrol in recognizing that just adding equipment, no matter how sophisticated, was not the answer to effectively controlling the border.

STOPPING ILLEGAL DRUGS IN THE SOURCE COUNTRIES

QUESTION

The national drug control strategy changed the international drug control policy by re-focusing efforts away from transit zones to source countries. The budget proposes a $232 million international narcotics control program to implement the new strategy.

What exactly is involved with this $232 million program?

ANSWER

- The President has identified international narcotics control as a major U.S. foreign policy objective. The Department of State and other agencies will work together to respond to the international narcotics problems by highlighting a new strategy that will stress greater multilateral efforts to strengthen democratic institutions, making them more effective in fighting international trafficking syndicates.

- The reorganization of international narcotics control and the 1995 budget are designed to focus increasingly on source countries where the trade and trafficking organizations are most confined and vulnerable. The funding level reflects our most extensive effort yet to integrate police and military law enforcement activities, training, and sustainable economic growth into comprehensive regional and country counternarcotics programs.

- The President's Budget includes a total request of $231.8 million for the support of the Bureau of International Narcotics Matters counternarcotics efforts. This is split into several initiatives:

  -- $165.9 million will be allocated to focus on the cocaine source countries of Colombia, Peru, and Bolivia and help other Latin American governments dismantle trafficking organizations, seize drug shipments, and reduce illicit drug production;

  -- $7.2 million will be allocated for counternarcotic efforts in Asia, Africa, and Europe;

  -- $30 million will be allocated for inter-regional aviation support. This funding will further enhance host government aviation capabilities, support law enforcement operations against cocaine and heroin traffickers,and eradicate coca and opium crops;

-- $11.5 million will be allocated to support international organizations. The request supports increased funding for U.S. contributions to the United Nations International Drug Control Program (UNDCP), the Organization of American States (OAS), the Colombo Plan (a consultative Asian forum), and other international organizations such as the Financial Action Task Force;

-- $11.2 million will be allocated for Inter-Regional Program efforts which supports international narcotics control training and demand reduction activities; and,

-- $6.3 million will be allocated for program development and support responsible for supporting and coordinating International Narcotics Matters worldwide programs and activities.

QUESTIONS FROM HOYER

STOPPING ILLEGAL DRUGS IN THE SOURCE COUNTRIES

QUESTION

Obviously such a role requires the cooperation and assistance of the State Department to work with the affected countries. Do you believe that you have been able to convince the State Department to work more aggressively with drug producing countries to stop the production and exportation of drugs?

ANSWER

Our drug program has been fortunate to have some very strong supporters at the State Department, especially the recently appointed Assistant Secretary for International Narcotics Matters and our ambassadors in major source and transit countries. These key leaders spend considerable time on counternarcotics issues and problems. Together they support a broad spectrum of counternarcotics activities, of which curtailing production and exportation are important parts. We do not believe the difficulty in curtailing production and smuggling reflects on the commitment of State Department as much as it does on the difficulty of getting access to many of the large growing areas and the finding suitable alternatives for the farmers who depend on coca for their livelihood.

QUESTION FROM HOYER

INTERDICTION OF ILLEGAL DRUGS

QUESTION

This committee has expressed concern over the ability to measure the effectiveness of illegal drug interdiction. However, that does not mean that we believe the United States should not have an aggressive interdiction policy and plan. Have you had an opportunity to speak with the Secretary of the Treasury or the Commissioner of Customs to determine the necessary level of interdiction?

ANSWER

We know that interdiction hurts the pocketbooks of the cartels, results in arrest and seizure of assets, produces valuable intelligence of trafficker organizations, operations and personnel, and removes significant quantities of drugs from the system.

Interdiction efforts are inseparable from our investigative efforts, and the evidence we use in many prosecutions comes from leads surfaced from interdiction operations. It is difficult to determine or measure the impact of interdiction on drug use. We strongly believe that to stop interdiction would allow the Pablo Escobars of the world to flood our cities and towns with drugs. This would seriously undermine our domestic prevention and treatment efforts. Interdiction is not, and never can be, the "silver bullet" that some feel it should be, but it should always be a part of any national drug control effort.

While I have not discussed your specific question with Secretary Bentsen or the Commissioner of Customs, I have designated an Interdiction Coordinator who will be responsible for insuring the adequacy and optimization of our interdiction program.

QUESTIONS FROM HOYER

INTERDICTION OF ILLEGAL DRUGS

QUESTION

What is the role of interdiction in the new drug control strategy?

ANSWER

The National Drug Control Strategy is a comprehensive, integrated strategy in which interdiction -- along with institution building, attacking organizations and mobilizing international cooperation -- play an important role. Interdiction prevents the traffickers from flooding the American drug markets with drugs. We believe an unconstrained drug flow would lead inevitably, through market forces, to increase use and would undermine our prevention and treatment efforts. Interdiction is also a primary source of intelligence on trafficker operations and criminal evidence to support the arrest and convictions of drug kingpins.

QUESTIONS FROM HOYER

INTERDICTION OF ILLEGAL DRUGS

QUESTION

Do you believe that past interdiction efforts were successful in reducing the flow of illegal drugs entering the country?

ANSWER

The answer is yes. Seizure statistics and the behavior of the traffickers confirm this. In 1992 (1993 figures are not available yet) the U.S. and its allies seized 338 metric tons of cocaine, more than the U.S. market consumed. These seizures represented a loss of some $50 billion dollars to the traffickers in potential profits at an interdiction cost to the U.S. of just under a $1 billion dollars. Other indicators of our success include:

- Direct easy shipments to the U.S. have disappeared. The cartels are now taking extraordinary measures to protect their shipments.

- The extension of credit by the cartels to operatives to smuggle drugs has disappeared, all shipments transactions are now in cash and operatives are held accountable for lost loads.

- The traffickers often take family members of pilots and other key people hostage to help protect their loads.

- We are seeing a variety of different smuggling scenarios and load sizes now which suggest that the traffickers are experimenting to find more secure routes and means.

- Maritime and commercial shipments are increasing as traffickers look for a more secure smuggling method.

INTERDICTION OF ILLEGAL DRUGS

QUESTION

Counting the Coast Guard and the U.S. Customs Service as the main implementers of the interdiction plans, the 1995 budget shows an $82.1 million (10 percent) reduction from the 1994 level of effort. What is the rationale for this large reduction?

ANSWER

- The majority of the decrease ($40 million) in interdiction funding for the Coast Guard is attributable to the completion of the Operation Bahamas and Turks and Caicos (OPBAT) Helicopter Replacement program.

- Further, the Coast Guard has shifted some of its drug interdiction efforts to migrant interdiction operations. Should the drug threat grow, the Coast Guard will have the assets available and will refocus its efforts from migrant interdiction to drug interdiction.

- The Customs reductions are largely based on the current drug threat and the Administration's Drug Strategy that focuses efforts on source country drug interdiction.

INTERDICTION OF ILLEGAL DRUGS

QUESTION

What have you done to develop standards to measure the success of our interdiction efforts?

ANSWER

- The Coast Guard 1995 budget request is $263.1 million, a decrease of $51.5 million. This decrease is largely due to two things: some of the Coast Guard's cutters and aircraft that would typically support drug interdiction efforts are currently involved and committed to migrant interdiction operations; and, the completion of the Operation Bahamas and Turks and Caicos (OPBAT) Helicopter Replacement program ($40 million of the Coast Guard AC&I request).

- Based on the current drug threat, the Administration has proposed reductions to the Customs air and marine programs. The Strategy emphasizes a controlled shift from efforts in the transit zones to the source countries.

COORDINATION OF DRUG INTERDICTION EFFORTS

QUESTION

I believe a significant problem with this country's interdiction efforts is that they are implemented by a number of different agencies -- Justice, Defense, Treasury -- which are not under the direct supervision of one individual. What are you doing to ensure that these agencies are working together to identify and interdict the flow of illegal drugs before they reach the borders of the United States?

ANSWER

- Presidential Decision Directive 14 directed me to designate an "Interdiction Coordinator" to ensure that all of our interdiction efforts are fully coordinated. Admiral J. William Kime, Commandant of the Coast Guard was designated the Interdiction Coordinator in February.

COORDINATION OF DRUG INTERDICTION EFFORTS

QUESTION

I think you would agree that there needs to be a certain level of competition and good natured rivalry among law enforcement agencies. There are concerns, however, that the competition between the Justice and Treasury Law Enforcement Agencies in the area of drug interdiction has lead to uncoordinated efforts. Do you have these concerns and if so, what are you doing to resolve them?

ANSWER

- I agree with you that some competition among law enforcement agencies can be positive. We are all familiar with the stories of conflict and uncoordinated law enforcement efforts. I believe that you will hear fewer and fewer of these types of stories.

- I have met with the heads of all of the Federal law enforcement agencies with significant drug control responsibilities. I have sought their advice on how to better integrate all of our investigative efforts. The Attorney General and the Secretary of the Treasury have both told their respective bureaus that coordination and cooperation will occur. The 1994 National Drug Control Strategy calls on the Departments of Treasury and Justice to develop coordinated domestic strategies that will more clearly articulate the roles and responsibilities of the individual investigative agencies.

COORDINATION OF DRUG INTERDICTION EFFORTS

QUESTION

What is your response to criticism that the coordination between these groups will not be effective until one person has control of the drug interdiction budgets of these agencies?

ANSWER

- I have appointed the Commandant of the Coast Guard as the Interdiction Coordinator. I believe that this action will address the earlier problems with coordination of interdiction efforts.

COORDINATION BETWEEN FEDERAL, STATE, AND LOCAL LAW ENFORCEMENT AGENCIES

QUESTION

In addition to concerns with the level of coordination between Federal law enforcement agencies, there is a concern that there is little coordination on the part of Federal agencies with state and local agencies. Is there a requirement for Federal law enforcement agencies to work with and through the local agencies?

ANSWER

- There is no general requirement for Federal law enforcement agencies to work with or through local agencies. There is, however, emphasis placed on having a maximum amount of coordianation with and Federal support to State and local law enforcement agencies.

- The DEA and FBI have numerous task forces around the country that include State and local LE agencies. The High Intensity Drug Trafficking Areas all have integrated task forces.

- Also, there are across America, 93 Law Enforcement Coordinating Councils (LECCs), each chaired by a United States Attorney, convened periodically to ensure that Federal, State, and local efforts are integrated and that drug enforcement policies are consonant with the National Drug Control Strategy.

COORDINATION BETWEEN FEDERAL, STATE, AND LOCAL LAW ENFORCEMENT AGENCIES

QUESTION

Have there been instances in which the same criminal activity is being monitored by both the Federal and local entities without either knowing of the other's interest?

ANSWER

Parallel investigations undoubtedly occur. They constitute an ongoing problem... one we are aware of and have taken action to mitigate against. Let me summarize for you, initiatives that will help improve this situation:

- The FBI and DEA are developing a pointer index system that will contain the names of those people under investigation by DOJ agencies. The Treasury Department has a similar system.

- The El Paso Intelligence Center (EPIC) has access to most Federal LE systems, as well as agreements with all 50 States on sharing information.

- The Four State Governor's Compact (California, Arizona, New Mexico, and Texas) is developing a computer/communications system that ties the four states together. This will enable investigators in each of the States to determine if there are ongoing investigations in any other of the four States. This will be a good test system, and we intend to follow progress and study replication.

COORDINATION BETWEEN FEDERAL, STATE, AND LOCAL LAW ENFORCEMENT AGENCIES

QUESTION

What are you doing to increase coordination between the Federal, state and local law enforcement agencies?

ANSWER

Partnership between Federal, State and local entities is a guiding principle of the 1994 drug strategy. One of the ways that strategy becomes reality occurs when Federal Departments (ones that administer grants, for example) promulgate regulations. ONDCP will encourage appropriate Departments to assure appropriate regulations are enacted.

In addition, I expect to give primary responsibility in this area to the yet-to-be-confirmed Associate Deputy Director for State and Local Affairs, Ms. Rose Ochi. Her knowledge, skills and abilities in this area are exemplary.

TRACING DRUG TRAFFICKING FINANCIAL TRANSACTIONS

QUESTION

How does the Federal Government trace financial transactions related to illegal drug trafficking and what is your involvement in this effort?

ANSWER

- I do not have detailed information on this question at this time. The Treasury Department has primary responsibility for enforcing the Bank Secrecy Act which is the basis for financial transaction reporting. I am fully supportive of their initiatives and, to provide me with a better understanding of what they do and what my and my offices's involvement should be, I have requested a full and complete information update on the general area of money laundering from Mr. Noble.

- I will be able to provide a more complete answer to you after that briefing.

TRACING DRUG TRAFFICKING FINANCIAL TRANSACTIONS

QUESTION

How is the information generated by this effort used by the Federal Government and is it shared with all agencies involved, including state and local agencies?

ANSWER

- I do not have detailed information on this question. The Treasury Department has primary responsibility for enforcing the Bank Secrecy Act which is the basis for financial transaction reporting.

- I have requested Treasury to provide a full and complete briefing and program update and will be better able to provide a more complete answer after that briefing.

TRACING DRUG TRAFFICKING FINANCIAL TRANSACTIONS

QUESTION

Do you believe that the level of effort dedicated to tracing financial transactions is sufficient?

ANSWER

- I do not have detailed information on this question at this time. The Treasury Department has primary responsibility for enforcing the Bank Secrecy Act which is the basis for financial transaction reporting. As you know, while drug trafficking organizations are one component of this program, many other issues and problem areas are also involved.

- I will request that the Treasury Department provide a more complete answer to your inquiry.

SPECIAL FORFEITURE FUND

QUESTION

The 1995 budget request for the Special Forfeiture Fund is $52.5 million. You stated that $45 million of this will be transferred to the Substance Abuse and Mental Health Services Administration (SAMSHA) to provide treatment services for hard core drug abusers. How does this differ from what was provided in previous years?

ANSWER

- The 1994 appropriation provided $52.5 million for the following purposes:
  - -- $25 million to the Substance Abuse and Mental Health Services Administration, of which $10 million was for the Community Partnership program, $10 million for the Substance Abuse Treatment and Prevention Block grant, and $5 million for the residential women/children program;
  - -- $7.5 million to ONDCP's CTAC for counternarcotics research and development activities;
  - -- $5.0 million for the Bureau of Alcohol, Tobacco, and Firearms for gang resistance education and training programs;
  - -- $6.0 million to the Internal Revenue Service "tax law enforcement" account for criminal investigations;
  - -- $4.0 million for enhancement for the El Paso Intelligence Center; and,
  - -- $5.0 million for ONDCP Director's Discretionary funds.
- The FY 1995 request focuses on addressing chronic hardcore drug abusers, consistent with the priorities of the Strategy:
  - -- $45 million is to be transferred to the Substance Abuse Prevention and Treatment Block grant to States to provide treatment services for chronic hardcore drug users; and,
  - -- $7.5 million is requested for CTAC to continue its counternarcotics research and development activities.

SPECIAL FORFEITURE FUND

QUESTION

What measures will be put into place to ensure that the funds are spent on cost-effective programs?

ANSWER

We will be working closely with the drug control Departments and agencies to develop ways to ensure that the available funds are spent only on programs that are proven to be cost-effective. Our efforts must be research driven and based on results, not on expectations. We will make this a high priority for the implementation reporting process developed to monitor progress in and suggest modifications to the current Strategy.

SPECIAL FORFEITURE FUND

QUESTION

According to the Executive Office for Asset Forfeiture, Department of Justice, in FY 1992 the Office of the National Drug Control Policy (ONDCP) received $20 million from the Special Forfeiture Fund. In FY 1993, the ONDCP received $15 from the Special Forfeiture Fund.

A. How did the ONDCP expend the $35 million received in those two years and what was the criteria for identifying expenditures and prioritizing them?

B. Did the ONDCP receive resource support from the Special Forfeiture Fund in FY 1994 and do you anticipate obtaining resources from the fund for the ONDCP in 1995?

ANSWER

Answer A:

The amounts referenced in the question correspond to the budget of the Counterdrug Technology Assessment Center. The funded projects consist of:

- Research and Development (R&D) and prototype technology projects which were requested by the various agencies to satisfy their S&T requirements and projects competitively selected from Broad Agency Announcement (BAA) 92-15. $19.51 million and 27 projects have been obligated to address community-wide S&T requirements, BAA 92-15, and technology efforts.

- Infrastructure support projects including fully instrumented testbeds and field tests. For example, a demand reduction project was funded to develop a radiochemistry laboratory at the Addiction Research Center in Baltimore. $15.01 million and 7 projects have been obligated for infrastructure.

- Outreach Program to inform industry, academia, and government through symposia, HBCU projects, and international exchanges of technical progress on the national counterdrug enforcement R&D program. $480 thousand and 3 projects have been obligated to inform the technical and end user community.

The criteria and process for identifying priorities were determined from validated operational needs and crucial technological gaps derived through the Science & Technology Committee. CTAC began initiating community R&D projects against the requirements of the LEAs and has selected projects through BAA 92-15.

ANSWER B:

Yes, ONDCP received $7.5 million for CTAC in FY 94. All these funds will be obligated by June 94. The President's FY 95 budget includes an amount for CTAC from the $52.5 million SFF requested for ONDCP.

HIDTAs -- STRATEGIC PLANS

QUESTION

Each of the five original High Intensity Drug Trafficking Areas (HIDTA) regional program managers submitted a regional strategic plan to your office upon being designated as a HIDTA participant. These regional plans provide broad statements as to how the Federal resources will be expended and what the hoped for accomplishments will be. Recently you designated the Washington-Baltimore corridor as a HIDTA. The HIDTA regional programs are now being revamped to provide your office with greater detail regarding expenditure of resources, priorities, and methods of judging success or failure.

When did your office request or direct the HIDTA regional programs to revamp their strategic plans?

ANSWER

The HIDTAs will be required to provide updated strategies in the Fiscal Year 1995 HIDTA Program Guidance. This Guidance will be released this month. We expect to receive the updated strategies this summer.

HIDTAs -- STRATEGIC PLANS

QUESTION

What caused your office to conclude it was necessary to revamp the regional strategic plans?

ANSWER

As the HIDTA program matures, it is appropriate to refine the strategies of the HIDTAs to improve effectiveness.

HIDTAs -- STRATEGIC PLANS

QUESTION

When will the new plans be submitted to your office?

ANSWER

The new strategies will be provided to this office in June 1994.

HIDTAs -- STRATEGIC PLANS

QUESTION

What guidelines or instructions have you provided to the regional programs to assist them in revamping their plans?

ANSWER

The Fiscal Year 1995 HIDTA Program Guidance will provide guidelines and instructions to assist participants in updating their strategies.

HIDTAs -- STRATEGIC PLANS

QUESTION

What is the difference between the first five HIDTA's and the newly designated Washington-Baltimore corridor?

ANSWER

The first five HIDTAs are the major "gateways" for drugs being imported into the country. These HIDTAs are focused primarily on the major drug trafficking organizations.

- These areas were designated because of their status as FBI Level I areas, the significant quantity of DEA Class I investigations, and intelligence data.

The newly designated Washington-Baltimore HIDTA is focused on the other end of the continuum: drug distribution networks providing drugs to hard-core users.

- This area was designated on the basis of the data provided by the Drug Abuse Warning Network (DAWN) which indicated that this area was second only to New York in having the greatest number of hard-core users and thus, a significant drug distribution problem.

QUESTIONS SUBMITTED BY MR. LIGHTFOOT

DRUG STRATEGY DEVELOPMENT
AND ISSUES SURROUNDING ACCESS AND EFFECTIVENESS

QUESTION

Dr. Brown, in developing the new drug strategy, how many times did you pick up the phone and call President Clinton directly to discuss a new program idea, a shift in emphasis, or a proposed shift in funding?

ANSWER

As both a member of the Cabinet, at the President's request, and frequently traveling with the President, I have regular access to the President to discuss programs or funding levels concerning the new drug strategy and other drug-related issues. I do not often find it necessary to telephone the President, since I have face-to-face access to him.

QUESTIONS SUBMITTED BY MR. LIGHTFOOT

DRUG STRATEGY DEVELOPMENT
AND ISSUES SURROUNDING ACCESS AND EFFECTIVENESS

QUESTION

When you had a dispute with a federal agency over their drug budget submission, or when two or more agencies were unable to reach agreement on drug program funding, how were those disputes resolved? Did you put your foot down and say that's just the way it is? Did you call OMB Director Leon Panetta, or did you call someone in the White House to work out the disagreement? Who in the White House was involved in mediating strategy disputes?

ANSWER

- During the FY 1995 budget formulation process, there were some areas that ONDCP believed needed funding above and beyond that requested by the Departments. This principally consisted of drug treatment funding.

- The Interim Strategy established the blueprint for the National Drug Control Strategy. It highlighted the need and the Administration's commitment to expand treatment capacity. To that end, ONDCP had, as its top budget priority for 1995, additional funding to expand the treatment capacity, particularly for the hardcore drug user.

- During the FY 1995 budget process, a letter was forwarded to OMB Director Leon Panetta (November 17, 1993) highlighting ONDCP's budget priorities for FY 1995.

- Moreover, for the first time in the history of ONDCP, the Director was invited to all of the Presidential budget reviews in order to ensure that the drug budget priorities and issues were adequately addressed. It was during these meetings that the Director expressed his funding priorities to the President and advocated for additional funding, particularly for the treatment of hardcore addicts.

- Throughout the budget process, my staff worked with OMB and the Departments to ensure that the President's drug priorities were adequately addressed and funded.

- Any outstanding Strategy issues were worked through the DPC.

- Since there were no clashes in terms of drug policy in the Strategy, there was no need for the White House to mediate Strategy disputes.

QUESTIONS SUBMITTED BY MR. LIGHTFOOT

PERSONNEL ISSUES

QUESTION

In 1993, ONDCP had a staff of 112 Full Time Equivalent Employees (FTE's), with an additional 35 part-time employees. The office spent $4,971,000 on salaries and employee compensation. Staffing today has been set at a statutory minimum of 40 FTE's, and you have proposed a budget of $2,923,000 for their compensation. In other word, despite having slashed the number of employees by more than 62%, you are only proposing a 42% cut in salaries. How will the additional 20% proposed for employee compensation be used?

(Please submit a list of all current staff and their salary levels. Also provide a list of the individuals who held those same positions in FY 1992, together with their annual yearly compensation.)

ANSWER

ONDCP is a policy level office which is attempting to attract experienced individuals to develop and implement this administration drug strategy.

Attached is a list of individuals who held those position in FY 1992 and a list of individuals who are currently in those positions.

GATEWOOD,ALICIA	STAFF ASSISTANT
VACANT	STAFF ASSISTANT
GILLER, RONALD	STAFF ASSISTANT
ABOLISHED	STAFF ASSISTANT
BECK, DAVID	SUPPLY CLERK
ABOLISHED	SUPPLY CLERK
DEAN TILMAN	SUPPORT SERVICES SPECIALIST
DEAN TILMAN	SUPPROT SERVICES SPECIALIST
COOPER, VIRLENA L	ADMINISTRATIVE ASSISTANT
COOPER, VIRELAN L	ADMINISTRATIVE ASSISTANT
SCHECTER, DANIEL	ASSOC DEP DIRECTOR
SCHECTER, DANIEL	ASSOC DEP DIRECTOR
JAMES, KAY C	ASOC DIR BUREAU STATE & LOCAL AFFAIRS
ABOLISHED	ASOC DIR BUREAU STATE & LOCAL AFFAIRS
AMES, MATTHEW C	ASSOC GENERAL COUNSEL
ABOLISHED	ASSOC GENERAL COUNSEL
CELLUPICA,, PAUL G	ATTORNEY-ADVISER
ABOLISHED	ATTORNEY-ADVISER
GREEN, SHERRY L	ATTORNEY-ADVISER
ABOLISHED	ATTORNEY-ADVISER
NATCHURAS, MICHAEL T	BUDGET ANALYST (LEGISLATION)
ABOLISHED	BUDGET ANALYST (LEGISLATION)
CHRONISTER, SCOTT L	BUDGET ANALYST (LEGISLATION)
ABOLISHED	BUDGET ANALYST (LEGISLATION)
HANKEY, BABETTE F	BUDGET ANALYST (LEGISLATION)
HANKEY, BABETTE F	BUDGET ANALYST (LEGISLATION)
PELL, TERRANCE J	CHIEF OF STAFF TO THE DIRECTOR
ABOLISHED	CHIEF OF STAFF TO THE DIRECTOR
RICO, MARIA M	CONFIDENTIAL ASSISTANT
ABOLISHED	CONFIDENTIAL ASSISTANT
ALLEN, SONYA C	CONFIDENTIAL ASSISTANT
ABLISENED	CONFIDENTIAL ASSISTANT
CAVANAUGH, MARY L	CONFIDENTIAL ASSISTANT
VACANT	CONFIDENTIAL ASSISTANT
MURRAY DAVID T	CONFIDENTIAL ASSISTANT
ABOLISHED	CONFIDENTIAL ASSISTANT
DEAN MARIANNE C	CONFIDENTIAL ASSISTANT
ABOLSIHED	CONFIDENTIAL ASSISTANT
MOORE, ELIZABETH B	CONFIDENTIAL ASSISTANT
ABOLISHED	CONFIDENTIAL ASSISTANT
GILLETTE, KATHERINE J	CONFIDENTIAL ASSISTANT

ABOLISHED	CONFIDENTIAL ASSISTANT
WATERFIELD, SHARON K	CONFIDENTIAL ASSISTANT
ABOLISHED	CONFIDENTIAL ASSISTANT
CHAMBERS CARRIE S	CONFIDENTIAL ASSISTANT
ABOLISHED	CONFIDENTIAL ASSISTANT
GEORGOSTATHIS, JOANN	CONFIDENTIAL ASSISTANT
ABOLSIHED	CONFIDENTIAL ASSISTANT
NOLAN VICTORIA A	CONFIDENTIAL ASSISTANT
ABOLSIEHND	CONFIDENTIAL ASSISTANT
DECK, JANE A	CONFIDENTIAL ASSISTANT TO DEP DIRECTOR
ABOLSIHED	CONFIDENTIAL ASSISTANT TO DEP DIRECTOR
BALESTRIERI JEAN A	CONFIDENTIAL ASSISTANT TO THE DIRECTOR
VACANT	CONFIDENTIAL ASSISTANT TO THE DIRECTOR
DANA, TIMOTHY P	CONFIDENTIAL ASSISTANT TO THE SPEC ASST TO THE DIR
ABOLISHED	CONFIDENTIAL ASSISTANT TO THE SPEC ASST TO THE DIR
SANTELLI, ANTHONY E	CONSULTANT
ABOLISED	CONSULTANT
BECK, DEBORAH	CONSULTANT
ABOLISEHD	CONSULTANT
SHOSKY JOHN E	CONSULTANT
UNFILLED	CONSULTANT
CLARE,DAVID R	COUNCIL MEMBER
ABOLISHED	COUNCIL MEMBER
EDLEY, CHRISTOPHER F	COUNCIL MEMBER
ABOLISHED	COUNCIL MEMBER
GARCIA, MANUEL A	COUNCIL MEMBER
ABOLISHED	COUNCIL MEMBER
CLENDENIN JOHN L	COUNCIL MEMBER
ABOLISHED	COUNCIL MEMBER
DILLON, GEORGE C	COUNCIL MEMBER
ABOLISHED	COUNCIL MEMBER
WILLIAMS, JOSEPH	COUNCIL MEMBER
ABOLISHED	COUNCIL MEMBER
NIELSON, CHARLES F	COUNCIL MEMBER
ABOLISHED	COUNCIL MEMBER
SORAN, ROBERT L	COUNCIL MEMBER
ABOLISHED	COUNCIL MEMBER
GATES, BRADLEY L	COUNCIL MEMBER
ABOLISHED	COUNCIL MEMBER
DINEGAR, LEONARD	DEPUTY ASST DIR FOR BUREAU OF STATE & LOCAL AFFRS
VACANT	DEPUTY ASST DIR FOR BUREAU OF STATE & LOCAL AFFRS
WALTER,S. JOHN	DEPUTY DIR FOR SUPPLY REDUCTION

VACANT	DEPUTY DIR FOR SUPPLY REDUCTION
CUMMINGS, GREGORY	DIRECTOR OF ADMINISTRATION
VACANT	BUDGET ANALYST
CARNES, BRUCE	DIR OF BUDGET, PLANNING AND ADMIN
VACANT	DIR OF BUDGET, PLANNING AND ADMIN
MCHUGH, JOSEPH	DIR OF CONGRESSIONAL RELATIONS
VACANT	DIR - PUBLIC AND LEGISLATIVE AFFAIRS
MARTINEZ, ROBERT	DIRECTOR ONDCP
BROWN, LEE	DIRECTOR ONDCP
RIVAIT, DAVID J	DIRECTOR, BUDGET AND LEGISLATIVE REVIEW STAFF
ABOLISHED	DIRECTOR, BUDGET AND LEGISLATIVE REVIEW STAFF
CROSBY, GARY F	DIRECTOR, DOMESTIC SUPPLY REDUCTION
ABOLISHED	DIRECTOR, DOMESTIC SUPPLY REDUCTION
PORTER, RICHARD	DIRECTOR, NATIONAL SECURITY AFFAIRS
PORTER, RICHARD	DIRECTOR, NATIONAL SECURITY AFFAIRS
MARSDEN III HENRY H	DIRECTOR, OFFICE OF RESEARCH
MARSDEN III HENRY H	DIRECTOR, OFFICE OF RESEARCH
CARNEVALE, JOHN T	DIRECTOR, PLANNING STAFF
CARNEVALE, JOHN T	DIRECTOR, PLANNING STAFF
CRISPEN, ELAINE	DIRECTOR, PUBLIC AFFAIRS
WHEELER, PAT	DIRECTOR, PUBLIC AFFAIRS
BRANDENSTEIN, ALBERT	DIRECTOR, CTAC
BRANDENSTEIN, ALBERT	DIRECTOR, CTAC
YAMAMOTO, RICHARD	DIRECTOR, HIDTA
YAMAMOTO, RICHARD	DIRECTOR, HIDTA
GOSSMAN, JEAN	EXECUTIVE ASST
ABOLISHED	EXECUTIVE ASST
BENSON RALL, JANICE	EXECUTIVE ASST TO THE DIR
VACANT	EXECUTIVE ASST TO THE DIR
WALSH, JOSEPH	EXECUTIVE DIRECTOR
ABOLISHED	EXECUTIVE DIRECTOR
TENNIS, GAROLD	EXECUTIVE DIRECTOR
ABOLISHED	EXECUTIVE DIRECTOR
BAUGHER, JAMES	FINANCIAL RESOURCES SPECIALIST
ABOLISHED	FINANCIAL RESOURCES SPECIALIST
CASTER, GABRIELLE	FINANCIAL RESOUCES SPECIALIST
ABOLISHED	FINANCIAL RESOUCES SPECIALIST
WINFIELD, MARION	HUMAN RESOURCES MANAGER
ABOLISHED	HUMAN RESOURCES MANAGER
MORAN, BRIAN	INTELLIGENCE RESEARCH SPECIALIST
ABOLISHED	INTELLIGENCE RESEARCH SPECIALIST
CASSIDY, DANIEL	LEGISLATIVE ASSISTANT

VACANT	LEGISLATIVE ANALYST
FRANC, MICHAEL	LEGISLATIVE ASSISTANT
ABOLISHED	LEGISLATIVE ASSISTANT
DUNNE, ELIZABETH	LEGISLATIVE ASSISTANT
ABOLISHED	LEGISLATIVE ASSISTANT
MCKINNON, KENNETH	MANAGEMENT ANALYSIS OFFICER
ABOLISHED	MANAGEMENT ANALYSIS OFFICER
WEXLER, SHERWIN	POLICY ANALYST
COHEN, JOHN	POLICY ANALYST
OLIVETTO, ANTHONY	POLICY ANALYST
ABOLISHED	POLICY ANALYST
DECK, NORMAN	POLICY ANALYST
DECK, NORMAN	POLICY ANALYST
SCHWARTS, ARNOLD	POLICY ANALYST
ABOLISHED	POLICY ANALYST
SHILDHAUS, SAM	POLICY ANALYST
VACANT	POLICY ANALYST
SULLIVAN, MAUREEN	POLICY ANALYST
VACANT	POLICY ANALYST
JONES, HERBERT	POLICY ANALYST
VACANT	POLICY ANALYST
DINWIDDLE, DINAH	POLICY ANALYST
ABOLISHED	POLICY ANALYST
OCONNELL, PAUL	POLICY ANALYST
ABOLISHED	POLICY ANALYST
JONES, HERBER	PROGAM ANALYST
ABOLISHED	PROGAM ANALYST
LANCASTER, JOHN	PROGAM ANALYST
ABOLISHED	PROGAM ANALYST
ANDRADE, JUAN	PROGAM ANALYST
ABOLISHED	PROGAM ANALYST
COGAN, PHILIP	PROGAM ANALYST
ABOLISHED	PROGAM ANALYST
CAMPBELL, BOYCE	PROGAM ANALYST
ABOLISHED	PROGAM ANALYST
HOUGHTON III, ARTHUR	PROGRAM ANALYST
HOUGHTON III, ARTHUR	PROGRAM ANALYST
SIMINESCU, CAMELIA	PROGRAM ANALYST
VACANT	PROGRAM ANALYST
KALLIS, ELIAS	PROGRAM ANALYST
ABOLISHED	PROGRAM ANALYST

NAME	POSITION
KOSNIK. GEORGE A	PROGRAM ANALYST
KOSNIK. GEORGE A	PROGRAM ANALYST
GREGRICH. R JOHN	PROGRAM ANALYST
GREGRICH. R JOHN	PROGRAM ANALYST
CHRISTNER. INGRID A	PROGRAM ANALYST
ABOLISHED	PROGRAM ANALYST
PICOULT. FRANCINE	PROGRAM ANALYST
ABOLISHED	PROGRAM ANALYST
TENAGLIA. BARBARA M	PROGRAM ASSISTANT
ABOLISHED	PROGRAM ASSISTANT
BANTA. BENJAMIN F	PUB. AFFAIRS SPEC.
VACANT	PUB. AFFAIRS SPEC.
BARONE. PATRICIA M	RESEARCH ASSISTANT
ABOLISHED	RESEARCH ASSISTANT
HOWE. LINDSEY W	SECRETARY
ABOLISHED	SECRETARY
DEAN. BERIT	SECRETARY
ABOLISHED	SECRETARY
LABRIOLA. BETTIE J	SECRETARY
ABOLISHED	SECRETARY
SPEARS. VICTORIA A	SECRETARY
ABOLISHED	SECRETARY
REESCH. RACHEL L	SECRETARY
ABOLSIHED	SECRETARY
OGLES. JEANETTE O	SECRETARY
ABOLISHED	SECRETARY
REESE. MAUREEN L	RESEARCH ASSISTANT
ABOLISHED	RESEARCH ASSISTANT
PETERSON. CAROL A	SECRETARY
ABOLISHED	SECRETARY
BRYANT.VEOLA C	SECRETARY
BRYANT.VEOLA C	SECRETARY
BRUCE. LISA J	SECRETARY
BRUCE. LISA J	SECRETARY
TYLER. BARBARA A	SECRETARY
VACANT	SECRETARY
FISHER. MYRA M	SECRETARY
FISHER. MYRA M	SECRETARY
VACANT	SPECIAL ASISTANT TO THE DIRECTOR
MCMHAON PATRICIA	SPECIAL ASISTANT TO THE DIRECTOR

LARKINS, CYNTHIA M	SECRETARY
ABOLISHED	SECRETARY
KIRKSEY, ELAINE	SECRETARY
ABOLISHED	SECRETARY
WILLIAMS FLORENCE	SECRETARY TO THE DIRECTOR, ADMIN
ABOLISHED	SECRETARY TO THE DIRECTOR, ADMIN
VOIGHT, RONALD	SECURITY OFFICER
ABOLISHED	SECURITY OFFICER
LITTLE, JOHN	SPECIAL ASSISTANT
ABOLISHED	SPECIAL ASSISTANT
PHILIPPON DANIEL	SPECIAL ASSISTANT
ABOLISHED	SPECIAL ASSISTANT
FIELD, ELLEN	SPECIAL ASSISTANT
ABOLISHED	SPECIAL ASSISTANT
BAUGHER, KAREN	SPECIAL ASSISTANT
ABOLISHED	SPECIAL ASSISTANT
DUDLEY, NANCY	SPECIAL ASSISTANT
ABOLISHED	SPECIAL ASSISTANT
CONWAY ·PAUL	SPECIAL ASSISTANT
ABOLISHED	SPECIAL ASSISTANT
CASAL, PATRICIA	SPECIAL ASSISTANT
ABOLISHED	SPECIAL ASSISTANT
MORRIS, ROWENA	SPECIAL ASST TO THE CHAIRMAN
ABOLISHED	SPECIAL ASST TO THE CHAIRMAN
RIGBY, DONNAL	SPECIAJ ASST TO THE DEPUTY DIR
ABOLISHED	SPECIAJ ASST TO THE DEPUTY DIR
PHELPS RICHARD	SPECIAJ ASST TO THE DIRECTOR
ABOLISHED	SPECIAJ ASST TO THE DIRECTOR
GLAUDE, STEPHEN	SPECIAJ ASST TO THE DIRECTOR
ABOLISHED	SPECIAJ ASST TO THE DIRECTOR
GILLETTE, GRAHAM	SPECIAJ ASST TO THE DIRECTOR
CERDA, JOSE	SPECIAJ ASST TO THE DIRECTOR
SORENSEN, SEVERIN	SPACIAL ASSISTANT
ABOLISHED	SPECIAL ASSISTANT
OGARA JAMES	STAFF ASSISTANT
ABOLISHED	STAFF ASSISTANT
HALL JUDITH R	STAFF ASSISTANT
ABOLISHED	STAFF ASSISTANT
CARROLL, LAURA	STAFF ASSISTANT
VACANT	STAFF ASSISTANT
YEISER, INEZ	STAFF ASSISTANT
VACANT	STAFF ASSISTANT

QUESTIONS SUBMITTED BY MR. LIGHTFOOT

PERSONNEL ISSUES

QUESTION

Please provide a list of all political appointees, their job descriptions, and their yearly compensation.

ANSWER

Schedule C Appointees:

Name	Job Description	Compensation
Dr. Brown	Director	Executive Level 1
Patricia McMahon	Chief of Staff (acting) Special Assistant to the Director	GS-15
Jose Cerda	Special Assistant to the Director	GS-14
Pat Wheeler	Public Affairs Specialist	GS-15

QUESTIONS SUBMITTED BY MR. LIGHTFOOT

PERSONNEL ISSUES

QUESTION

The Federal Vacancies Act prohibits individuals who are acting in temporarily vacant presidentially-appointed positions from making legally binding decisions for more than 120 days.

Given that President Clinton has yet to nominate candidates to fill any of your three chief of deputy slots and more than 120 days have passed since those positions became vacant, how are the decision-making functions of the Deputy Directors for Supply Reduction and Demand Reduction, and the Director of State and Local Services being handled?

Who is currently filling each of those slots and how long have they been acting? Has President Clinton indicated to you when he will submit the names of nominees to fill each of those slots?

ANSWER

Each unfilled deputy slot is staffed by a qualified individual, expert in the area of assignment and cognizant with the policy and operational aspects of that area. They advise me about any emerging problems and act as my advisors, but currently and until the positions are filled, I make all decisions for ONDCP.

QUESTION SUBMITTED BY MR. LIGHTFOOT

CRIME CONTROL/HEALTH CARE

QUESTION

How closely have you been involved and/or consulted in the formulation of the President's crime control package and health care legislation, both of which contain major aspects of the drug strategy?

ANSWER

I have been directly involved in developing the President's crime control package -- from the development of his community policing legislation, to the overall anti-crime increases put forward in the Administration's FY 95 budget, to the recent inclusion of an expanded drug court proposal in the House crime bill. Moreover, my staff members are specifically tasked to work with the White House and the various federal agencies on developing the President's crime control policies, health care, and empowerment zones, immigration reform, and other issues.

QUESTIONS SUBMITTED BY MR. LIGHTFOOT

SUGGESTED QUESTIONS FOR APPROPRIATIONS

QUESTION

Last Monday, February 7, the Washington Post carried a story on a problem found by the minority staff of the Senate Special Committee on Aging and the General Accounting Office. They found that addicts and alcoholics were feeding their addictions with cash they received under the Social Security Disability Insurance program and other programs. With the new strategy's focus on treatment and prevention, is this a problem you will take up with Secretary Shalala?

ANSWER

- The Administration supports the potential of this statutorily established program to get indigent addicts and alcoholics into treatment, monitor their progress, and provide modest support through their recovery; however, it is clear that certain improvements are required to minimize abuses of the program.

- The law sets reasonable guidelines for the conduct of this program, yet reports continue that some addicts and alcoholics are using SSI benefits to buy drugs and alcohol and that other SSI recipients are not receiving treatment. These reports are troubling but the problems can be solved.

- HHS has already taken some steps to improve the program and is considering others.

  -- Since October 1993, to improve treatment referral and monitoring, HHS has increased the number of states with monitoring contracts from 18 to 34.

  -- In addition, demonstration projects are underway to test the impact of an in-depth case management approach and of paying for some treatment.

  -- Furthermore, HHS is working with national profession organizations to recruit responsible representative payees that will ensure that the benefits are not used to support drug and alcohol habits.

- Finally, to ensure proper management of this program, the Administration has increased funding from $4 million in Fiscal Year 1993 to $20 million in 1994 and $36 million in 1995. This will enable staff to develop treatment plans for the vast majority of SSI recipients, refer them to appropriate treatment and monitor their compliance.

- This is a modest but important program and the American people have the right to expect that we manage it well. The Administration is interested in working with the Congress to make whatever changes are necessary to improve it and to move drug- and alcohol-addicted Americans toward self-sufficiency.

QUESTION SUBMITTED BY MR. LIGHTFOOT

SUGGESTED QUESTIONS FOR APPROPRIATIONS

QUESTION

In preparing the budget for the National Drug Strategy, how many inter-agency disputes did you encounter? How were they resolved? Did you discuss any of them directly with the President?

ANSWER

- Throughout the FY 1995 budget formulation process, ONDCP worked with the Federal drug control agencies, as well as OMB to develop the President's budget request to Congress.

- For the first time in the history of ONDCP, the Director was invited to partake in the Presidential appeal process and had the opportunity to meet with the President on several of the drug budget accounts during this process.

QUESTIONS SUBMITTED BY MR. LIGHTFOOT

QUESTION FROM HOYER

SUGGESTED QUESTIONS FOR APPROPRIATIONS

QUESTION

Your international strategy will shift away from indicting drugs in transit. This so-called "controlled shift" is not surprising in light of the numerous analysis casting doubt ont he cost-benefit of our interdiction efforts. This strategy instead will concentrate more heavily on source country programs, including efforts with eradication and alternative development. Our past efforts with eradication and alternative development program have not worked. Will you programs in these areas be different, or are we preparing to walk down the same failed path that we've travelled before?

ANSWER

Our source country effort will be a comprehensive one that will include, as appropriate, eradication, and alternative development. We have had very good success eradicating poppy in Latin America. Columbia eradicated 10,000 and Mexico 6,800 hectares last year. There has been little eradication of coca, because the host governments have opposed involuntary eradication for political and economic reasons.

Alternative development takes a long term commitment and a secure environment to be successful. Accordingly, our alternative development efforts in the source countries have been very modest at best, more along the lines of pilot projects rather than as full programs. The most alternative development progress has been made in Bolivia's Chapare area, where bananas, passion fruit, and pineapples are produced for market in Bolivia and Argentina, but rather replaced only part of the coca.

We will, as in the past, support eradication and the alternative development where the political situation permits and our resources can be employed in a cost effective manner.

QUESTIONS SUBMITTED BY MR. LIGHTFOOT

ONDCP AND THE NEW WHITE HOUSE TELEPHONE SYSTEM

QUESTION

What features or services will be provided to ONDCP by the new system that are not provided by the previous system?

ANSWER

The new phone set is a digital display terminal. The phone set (AT&T 8510T) provides the user with a display screen to indicated various system information such as date and time of day status. It also displays the telephone number, if available, of an incoming call (Caller ID). The system provides a call-log which stores the number of an incoming call. Other options that effect the phone set such as the ring pattern, contrast, locking the phone, call-log, clock, etc. The old system could provide the same features, but ONDCP did not purchase display terminals with the previous phone switch.

The system stores thirty telephone numbers in a directory that can be viewed through the digital display terminal. The user enters a name associated with each stored numbers. To use the directory, the user scrolls through the list of names. After finding the desired name, the user selects it and number is automatically dialed.

Even though the previous system provided Voice Mail service, the new system provides subtle enhancements. As an example, you may record and store up to nine different greetings which may be activated for different circumstances.

QUESTIONS SUBMITTED BY MR. LIGHTFOOT

ONDCP AND THE NEW WHITE HOUSE TELEPHONE SYSTEM

QUESTION

Will you lose any features? If so, please describe.

ANSWER

ONDCP did not lose many features, per se, but ONDCP lost its autonomy to operate its own switch. An on-site contractor (8a certified company) provided technical support to ONDCP to implement moves, adds and changes to the switch as requested by ONDCP's Telecommunications Manager. The on-site contractor also monitored and performed preventive maintenance on the switch.

In addition the old phone switch provided overflow lines if the system were overburdened. The previous switch provided telephone service alternatives if a power failure occurred or if the switch failed. ONDCP's previous telephone system's architecture also provided backup services for secure communications if the switch failed. ONDCP management has lost the ability to access Call Detail Reporting to monitor the cost-effectiveness of the phone system.

Unlike system services, most of the features have transferred with the new phone system. However, due to Secret Service restrictions, ONDCP personnel do not have the capability to call in to the Voice Mail system to retrieve voice mail. They now must access the system by calling into security, and, while this is new, it should not create any long-term problems.

QUESTIONS SUBMITTED BY MR. LIGHTFOOT

ONDCP AND THE NEW WHITE HOUSE TELEPHONE SYSTEM

QUESTION

Did ONDCP agree to participate in the new system or were you given a "take it or leave it" ultimatum?

ANSWER

ONDCP agreed to participate in the new system based on the reduced personnel costs associated with maintaining and monitoring the previous system.

QUESTIONS SUBMITTED BY MR. LIGHTFOOT

ONDCP AND THE NEW WHITE HOUSE TELEPHONE SYSTEM

QUESTION

Was ONDCP involved in the planning of the new system? Please provide documentation showing the extent and nature of ONDCP's input into the decision to procure the new system?

ANSWER

The former Telecommunications Manager, who no longer is with ONDCP, was involved in the planning and writing of specifications for the new switch.

At this time, documentation cannot be located to determine the amount of input ONDCP's representative had in the planning of the switch.

We were given the option to join the system and be a part of the White House 5-digit dialing system. The Acting Chief of Staff made an inquiry through OA for a full briefing and was given sufficient information to make the correct decision about joining the rest of the Executive Office in a common system.

QUESTIONS SUBMITTED BY MR. LIGHTFOOT

ONDCP AND THE NEW WHITE HOUSE TELEPHONE SYSTEM

QUESTION

Please provide copies of the following for the record:

A. All documents describing the installation of the previous telephone system.

B. Agency accounting reports showing the amounts expended for the previous system during the last 24 months it was in operation.

C. All agency memoranda, correspondence, notes, minutes of meetings and other documents pertaining to ONDCP's participation in the design, development, procurement and installation of the new system. Please include copies of documents that may have originated in other agencies or non-government organizations and were received by ONDCP.

ANSWER

A & C. Attached is all the information available at ONDCP at this time.

B. We have requested this information and will forward it to your office as soon as possible.

	OPERATING BUDGET	UNPAID OBLIGATION	ACTUAL EXPENDITURE	TOTAL OBLIGATION	ANTICIPATED EXPENSE	TOTAL YEARLY PROJECTION	FINAL BALANCE
Telephone (Commercial - 52)							
C+P Telephone - 750 17th St	$48,000.00						
October 1992			$4,561.39				
November 1992			$4,481.35				
December 1992			$4,475.18				
January 1993			$4,487.35				
February 1993			$4,401.01				
March 1993			$8,980.03				
April 1993			$405.56				
May 1993			$4,895.82				
June 1993			$3,586.18				
July 1993		$3,833.33	$514.39				
August 1993		$3,833.33	[illegible]				
September 1993		$3,833.33	$4[illegible]				
Total C+P Telephone - 750 17th St	$48,000.00	$11,500.00	$41,073.88	$52,573.88	$0.00	$52,573.88	($4,573.88)
C+P Telephone - Director's residence	$200.00						
October 1992			$53.45				
November 1992			$52.22				
December 1992			$52.35				
January 1993			$23.51				
February 1993							
March 1993							
April 1993							
May 1993							
June 1993							
July 1993			$440.64				
August 1993		$55.00					
September 1993		$55.00					
Total C+P Telephone - Director's res	$200.00	$110.00	$622.17	$732.17	$0.00	$732.17	($532.17)
C+P Telephone Credit Cards	$3,400.00						
October 1992			$1,130.14				
November 1992			$143.56				
December 1992			$221.72				
January 1993			$423.22				
February 1993			$82.62				
March 1993			$53.45				
April 1993			$39.48				
May 1993			$117.77				
June 1993			$66.44				
July 1993			$151.63				
August 1993		$200.00					
September 1993		$200.00					
Total C+P Telephone Credit Cards	$3,400.00	$400.00	$2,446.03	$2,846.03	$0.00	$2,846.03	$553.97

OTHER SERVICES (7U)

	OPERATING BUDGET	UNPAID OBLIGATION	ACTUAL EXPENDITURE	TOTAL OBLIGATION	ANTICIPATED EXPENSE	TOTAL YEARLY PROJECTION	AVAILABLE BALANCE
Total Crypto/Tempest Maint (RWA)	$50,000.00			$0.00		$0.00	$50,000.00
Leblanc Maintenance (Remco)	$1,020.00						
October 1992			$85.00				
November 1992			$85.00				
December 1992			$85.00				
January 1993		$85.00					
February 1993		$85.00					
March 1993		$85.00					
April 1993			$85.00				
May 1993			$85.00				
June 1993			$85.00				
July 1993		$85.00					
August 1993		$85.00					
September 1993		$85.00					
Total Lebleveo Maint	$1,020.00	$510.00	$510.00	$1,020.00	$0.00	$1,020.00	$0.00
Bell Atlantic (Telephone maint.)	$0.00						
Meridian 61 Telephone Switch (Split - CTAC, CMR, ONDCP)							
October 1992		$1,880.00					
November 1992			$1,881.00				
December 1992			$1,881.00				
January 1993			$1,881.00				
February 1993			$1,881.00				
March 1993			$1,881.00				
April 1993			$1,908.10				
May 1993			$1,908.10				
June 1993			$1,908.10				
July 1993			$1,782.04				
August 1993			$1,782.04				
September 1993			$1,782.04				
Total Bell Atlantic (Telephone Maint.)	$0.00	$1,880.00	$20,106.42	$21,986.42	$0.00	$21,986.42	($21,986.42)
Whitaker Brothers (shredder repair)	$3,410.00				$0.00		
(Split - CTAC, CMR, ONDCP) Maint Repair shredder			$2,995.00				
) Total Whitaker Brothers	$3,410.00	$0.00	$2,995.00	$2,995.00	$0.00	$2,995.00	$715.00
International AutoPen			$481.64	$481.64		$481.64	($481.64)
VM Systems Group (XMenu)	$2,355.00		$2,355.00	$2,355.00		$2,355.00	$0.00
Mainboard - service agreement	$170.00		$170.00	$170.00		$170.00	$0.00
Canon - Main. color copier		$2,751.60	$2,751.60	$5,503.60		$5,503.60	($5,503.60)
Total Maint Contracts Gen.(73)	$105,213.00	$15,676.46	$68,238.50	$83,914.96	$0.00	$83,914.96	$21,298.04

RENT,COMMUNI...IONS,UTILITIES (50)

	OPERATING BUDGET	ACTUAL OBLIGATION	ACTUAL EXPENDITURE	ANTICIPATED EXPENSE	TOTAL YEARLY PROJECTION	FINAL BALANCE
Telephone (Commercial - 52)						
C+P Telephone - 176 OE08/750 17th	$73,000.00					
October 1991			$3,740.08			
November 1991			$3,793.50			
December 1991			$3,642.64			
January 1992			$3,825.50			
February 1992			$3,611.64			
March 1992			$3,786.55			
April 1992			$3,747.91			
May 1992			$3,769.94			
June 1992			$4,299.63			
July 1992			$3,873.65			
August 1992			$3,784.10			
September 1992		$82.98	$3,691.56			
Total C+P Telephone - 176 OE08	$73,000.00	$82.98	$45,566.70	$0.00	$45,649.68	$27,350.32
C+P Telephone - Director's residen	$800.00					
October 1991			$55.35			
November 1991			$52.06			
December 1991			$55.20			
January 1992			$56.43			
February 1992			$63.34			
March 1992			$61.52			
April 1992			$52.82			
May 1992			$54.85			
June 1992			$52.13			
July 1992			$52.05			
August 1992			$54.62			
September 1992		$66.63				
Total C+P Telephone - Director's	$800.00	$66.63	$610.27	$0.00	$676.90	$123.10
C+P Telephone Credit Cards	$7,000.00					
October 1991			$706.78			
November 1991			$112.87			
December 1991			$619.86			
January 1992			$357.10			
February 1992			$630.24			
March 1992			$552.38			
April 1992			$302.28			
May 1992			$383.76			
June 1992			$325.45			
July 1992			$235.58			
August 1992			$61.96			
September 1992			$20.18			
Total C+P Telephone Credit Cards	$7,000.00	$0.00	$4,308.44	$0.00	$4,308.44	$2,691.56

OTHER SERVICES (70)

	OPERATING BUDGET	ACTUAL OBLIGATION	ACTUAL EXPENDITURE	ANTICIPATED EXPENSE	TOTAL YEARLY PROJECTION	AVAILABLE BALANCE
VM Systems Group (XMenu)			$2,300.90		$2,300.90	($2,300.90)
Crypto/Teapest Equipment Maint. (R	$47,500.00		$50,000.00			
October 1991						
November 1991						
December 1991						
January 1992						
February 1992						
March 1992						
April 1992						
May 1992						
June 1992						
July 1992						
August 1992						
September 1992						
Total Crypto/Teapest Maint. (RMH)	$47,500.00		$50,000.00	$0.00	$50,000.00	($2,500.00)
Lektriever Maintenance	$2,049.00					
October 1991			$83.00			
November 1991			$83.00			
December 1991			$83.00			
January 1992			$83.00			
February 1992			$83.00			
March 1992			$83.00			
April 1992			$83.00			
May 1992			$83.00			
June 1992			$83.00			
July 1992			$83.00			
August 1992			$83.00			
September 1992			$83.00			
Total Lektriever Maint.	$2,049.00	$0.00	$996.00	$0.00	$996.00	$1,053.00
Bell Atlantic (Telephone maint.)	$0.00				$0.00	$0.00
October 1991			$1,880.00			
November 1991			$1,880.00			
December 1991			$1,880.00			
January 1992			$1,880.00			
February 1992			$1,880.00			
March 1992			$1,880.00			
April 1992			$1,880.00			
May 1992			$1,880.00			
June 1992			$1,880.00			
July 1992			$1,880.00			
August 1992			$1,880.00			
September 1992			$1,880.00			
Total Bell Atlantic (Telephone M	$0.00	$0.00	$22,560.00	$0.00	$22,560.00	($22,560.00)
Shredder Maintenance	$2,130.00		$2,720.00		$2,720.00	($590.00)
Total Maint. Contracts (gen.)	$95,822.40	$0.00	$120,785.81	$0.00	$120,785.81	($24,963.41)

THE ELECTRONIC REQUISITION SYSTEM - B
REQUISITION PROCESSING ENTRY

REQ. NUMBER: RDC4726 AGENCY: ONDC/42 USERID: DBAAD11
FISCAL YEAR: FY-94 UPDATED: 940105
SUGGESTED SOURCES:
BELL ATLANTIC

ISSUING OFFICE:
TILMAN DEAN
EOP/ONDCP
WASHINGTON, DC 20500
(202) 467-9680

SHIP TO:
EOPOA WAREHOUSE; WASH NAVY YARD
1ST & N PLACE SE; FED CTR; BLDG 136
WASHINGTON, DC 20003
ATTN: TILMAN DEAN

REQ. DELIVERY DATE: 940115
FUNCTION: _ (F5 - Accept, F6 - Next screen, F12 - Quit)

2B:HOST A

THE ELECTRONIC REQUISITION SYSTEM - C1
REQ. NUMBER: RDC4726 REQUISITION PROCESSING CONT.

NO	OBJ CL	DESCRIPTION OF SUPPLY/SERVICE	INDEX / qty	PRJ / unit	PHS / price	PY	AMOUNT
01	000000	NEW TELEPHONES AND LINE SERVICES	P102A				
02	233101	ASSESSMENT FOR CENTRAL SYSTEM FOR 135 LINES	1	LOT	22,185.90		22,185.9
		135 X $18.25 = $2465.10/MTH X 9 MTH (FY94) = 22,185.90					
03	233101	RE: P.O.#OA3C12,BELL ATLANTIC CLINS 2B,2E,2F, CENTREX LINES	P102A 1	LOT	5,746.95		5,746.9
		QTY 135 @ $4.73/MTH=$5,746.95					
04	000000	COORDINATED WITH TOM TAYLOR/ OA PROCUREMENT					
05	000000	CONTACT TILMAN DEAN WITH ANY QUESTIONS (202) 395-6722					

FUNCTION _ (F5-Accept, F6-Next, F8-More, F9-Prev, F12-Quit) $ 27,932.8

2B:HOST A

1-9-94

EXECUTIVE OFFICE OF THE PRESIDENT

04-Jan-1994 01:18pm

TO: Tilman Dean

FROM: Lawrence R. Jurcich
Office of Administration, IRMD

CC: Thomas L. Taylor

SUBJECT: Requisition for Phones and lines

Reference our discussion on 12/7/93.

Please submit a requisition for your new phone service as follows:

Assessment for central system, based on 135 lines
135 * $18.26 = 2465.10/mo * 9(rest of fy) = $22185.90
Total $22,185.90

Against the Bell Atlantic contract, OA3C12, request the following:
CLINS 2b, 2e, 2f, CENTREX Lines, QTY 135 @ $4.73/mo.
Total $5,746.95

Against the AT&T contract, OA3C11, request the following:
CLIN 4a, 8510 Phone, QTY 72 @ $218 purchase
CLIN 4b, 7506d TSG Phone, Qty 28 @ $300 purchase
Total $24,096
Should you choose another acquisition alternative submit accordingly.

Total FY94 Requisition = $52,028.85

If you have any questions, please call x56475.

THE ELECTRONIC REQUISITION SYSTEM - B
REQUISITION PROCESSING ENTRY

REQ. NUMBER: RDC4726 AGENCY: ONDC/42 USERID: DBAAD11
FISCAL YEAR: FY-94 UPDATED: 940105
SUGGESTED SOURCES:
BELL ATLANTIC

ISSUING OFFICE:
TILMAN DEAN
EOP/ONDCP
WASHINGTON, DC 20500
(202) 467-9680

SHIP TO:
EOPOA WAREHOUSE; WASH NAVY YARD
1ST & N PLACE SE; FED CTR; BLDG 136
WASHINGTON, DC 20003
ATTN: TILMAN DEAN

REQ. DELIVERY DATE: 940115
FUNCTION: _ (F5 - Accept, F6 - Next screen, F12 - Quit)

2B:HOST A

THE ELECTRONIC REQUISITION SYSTEM - C1
REQ. NUMBER: RDC4726 - REQUISITION PROCESSING CONT.

NO	OBJ CL	DESCRIPTION OF SUPPLY/SERVICE	INDEX	PRJ	PHS	FY	AMOUNT
			qty	unit	price		
01	000000	NEW TELEPHONES AND LINE SERVICES					
02	233101	ASSESSMENT FOR CENTRAL SYSTEM FOR 135 LINES	P102A 1	LOT	22,185.90		22,185.9
		135 X $18.25 = $2465.10/MTH X 9 MTH (FY94) = 22,185.90					
03	233101	RE: P.O.#OA3C12,BELL ATLANTIC CLINS 2B,2E,2F, CENTREX LINES	P102A 1	LOT	5,746.95		5,746.9
		QTY 135 @ $4.73/MTH=$5,746.95					
04	000000	COORDINATED WITH TOM TAYLOR/ OA PROCUREMENT					
05	000000	CONTACT TILMAN DEAN WITH ANY QUESTIONS (202) 395-6722					

FUNCTION _ (F5-Accept, F6-Next, F8-More, F9-Prev, F12-Quit) $ 27,932.8

2B:HOST A

EXECUTIVE OFFICE OF THE PRESIDENT

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Total $5,746.95

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CLIN 4a, 8510 Phone, QTY 72 @ $218 purchase
CLIN 4b, 7506d TSG Phone, Qty 28 @ $300 purchase
Total $24,096
Should you choose another acquisition alternative submit accordingly.

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If you have any questions, please call x56475.

THE ELECTRONIC REQUISITION SYSTEM - B
REQUISITION PROCESSING ENTRY

REQ. NUMBER: RDC4727 AGENCY: ONDC/42 USERID: DBAAD11
FISCAL YEAR: FY-94 UPDATED: 940105
SUGGESTED SOURCES:
AT&T

ISSUING OFFICE:
TILMAN DEAN
EOP/ONDCP
WASHINGTON, DC 20500
(202) 467-9680

SHIP TO:
EOPOA WAREHOUSE; WASH NAVY YARD
1ST & N PLACE SE; FED CTR; BLDG 136
WASHINGTON, DC 20003
ATTN: TILMAN DEAN

REQ. DELIVERY DATE: 940115
FUNCTION: _ (F5 - Accept, F6 - Next screen, F12 - Quit)

2B:HOST A

THE ELECTRONIC REQUISITION SYSTEM - C1
REQ. NUMBER: RDC4727 REQUISITION PROCESSING CONT.

NO	OBJ CL	DESCRIPTION OF SUPPLY/SERVICE	INDEX qty	PRJ unit	PHS price	PY	AMOUNT
01	000000	PURCHASE OF NEW TELEPHONES					
02	233101	RE: P.O.#OA3C11, AT&T	P102A				
		CLIN 4A, 8510 PHONE	1	LOT	24,096.00		24,096.00
		72 @ $218 = $15,696.00					
		CLIN 4B, 7506D TSG PHONE					
		28 @ $300 = $8,400					
03	000000	COORDINATED WITH TOM TAYLOR/					
		OA PROCUREMENT					
04	000000	CONTACT TILMAN DEAN WITH ANY					
		QUESTIONS (202) 395-6722					

FUNCTION _ (F5-Accept, F6-Next, F8-More, F9-Prev, F12-Quit) $ 24,096.00

2B:HOST A

EXECUTIVE OFFICE OF THE PRESIDENT

04-Jan-1994 01:18pm

TO: Tilman Dean

FROM: Lawrence R. Jurcich
Office of Administration, IRMD

CC: Thomas L. Taylor

SUBJECT: Requisition for Phones and lines

Reference our discussion on 12/7/93.

Please submit a requisition for your new phone service as follows:

Assessment for central system, based on 135 lines
135 * $18.26 = 2465.10/mo * 9(rest of fy) = $22185.90
Total $22,185.90

Against the Bell Atlantic contract, OA3C12, request the following:
CLINS 2b, 2e, 2f, CENTREX Lines, QTY 135 @ $4.73/mo.
Total $5,746.95

Against the AT&T contract, OA3C11, request the following:
CLIN 4a, 8510 Phone, QTY 72 @ $218 purchase
CLIN 4b, 7506d TSG Phone, Qty 28 @ $300 purchase
Total $24,096
Should you choose another acquisition alternative submit accordingly.

Total FY94 Requisition = $52,028.85

If you have any questions, please call x56475.

EXECUTIVE OFFICE OF THE PRESIDENT

04-Jan-1994 05:17pm

TO: Tilman Dean

FROM: Gregory D. Cummings
National Drug Control Policy

SUBJECT: RE: Requisition for Phones and Lines

Yes, but ask if this represents our total phone costs for the year.

EXECUTIVE OFFICE OF THE PRESIDENT

04-Jan-1994 02:44pm

TO: Gregory D. Cummings

FROM: Tilman Dean
National Drug Control Policy

SUBJECT: Requisition for Phones and Lines

Greg:

Reference the attached, should I proceed with cutting a requisition?

Thanks

Tilman

EXECUTIVE OFFICE OF THE PRESIDENT

04-Jan-1994 01:48pm

TO: Tilman Dean

FROM: Lawrence R. Jurcich
Office of Administration, IRMD

CC: Thomas L. Taylor

SUBJECT: Requisition for Phones and lines

Reference our discussion on 12/7/93.

Please submit a requisition for your new phone service as follows:

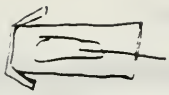
Assessment for central system, based on 135 lines
135 * $18.26 = 2465.10/mo * 9(rest of fy) = $22185.90
Total $22,185.90

Against the Bell Atlantic contract, OA3C12, request the following:
CLINS 2b, 2e, 2f, CENTREX Lines, QTY 135 @ $4.73/mo.
Total $5,746.95

Against the AT&T contract, OA3C11, request the following:
CLIN 4a, 8510 Phone, QTY 72 @ $218 purchase
CLIN 4b, 7506d TSG Phone, Qty 28 @ $300 purchase
Total $24,096
Should you choose another acquisition alternative submit accordingly.

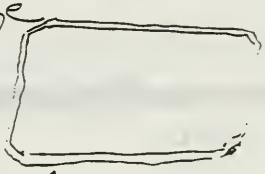
Total FY94 Requisition = $52,028.85

If you have any questions, please call x56475.



New System

All FTS call → %/QTR FLAT RATE
adjusted 2 times/yr.
FTS = no line change



1. IAG
2. Reqn to Procurement
   - TSG # 8510 —
   - Non TSG # 8510 —
   - Centrix lines —
   - Analog Digital —

Tom Taylor
PQC

- $61/yr (Secure voice mail Card – Pin #)

16-Nov-93 EOP Phone System - FY94 Cost Estimates

Fixed Cost

System Cost (10 months)		
C&P	$324,090	
AT&T	$431,219	
Other Direct	$280,000	
Total	$1,035,309	
Agency Assessment (Total / 5886 / 10)	$17.59	

Variable Cost

		Monthly			
C&P	Centrix Line	$4.73			
	ACD Line	$14.96			
	System Maintenance Outside PPM	Hourly			
	M - F, 8P-8A & Saturday	$197.12			
	Sundays & Federal Holidays	$263.56			
		Purchase	LWOP Monthly	Buyout Mth 60	Maint.
AT&T	Sta - 8510	$218.00	$3.54	$65.40	1.25
	Sta - 8510 TSG	$300.00	$4.87	$90.00	1.25
	Sta - 8510 Data / Voice	$550.00	$8.92	$165.00	1.79
	Sta - Call Master II (ACD)	$237.00	$3.85	$71.10	
		Hourly			
	Station Maintenance Outside PPM	$90.00			
	Time & Material Work				
	M - F, 8A-8P	$60.00			
	M - F, 8P-8A & Saturday	$90.00			
	Sundays & Federal Holidays	$120.00			

The above information is proprietary to AT&T & C&P. Do not released outside the EOP.

THE ELECTRONIC REQUISITION SYSTEM - B
REQUISITION PROCESSING ENTRY

REQ. NUMBER: RDC4727 AGENCY: ONDC/42 USERID: DBAAD11
FISCAL YEAR: FY-94 UPDATED: 940105
SUGGESTED SOURCES:
AT&T

ISSUING OFFICE:
TILMAN DEAN
EOP/ONDCP
WASHINGTON, DC 20500
(202) 467-9680
REQ. DELIVERY DATE: 940115

SHIP TO:
EOPOA WAREHOUSE; WASH NAVY YARD
1ST & N PLACE SE; FED CTR; BLDG 136
WASHINGTON, DC 20003
ATTN: TILMAN DEAN

FUNCTION: _ (F5 - Accept, F6 - Next screen, F12 - Quit)

2B:HOST A

THE ELECTRONIC REQUISITION SYSTEM - C1
REQ. NUMBER: RDC4727 REQUISITION PROCESSING CONT.

NO	OBJ CL	DESCRIPTION OF SUPPLY/SERVICE	INDEX	PRJ	PHS	PY	AMOUNT
			qty	unit	price		
01	000000	PURCHASE OF NEW TELEPHONES					
02	310106 ~~233101~~	RE: P.O.#OA3C11, AT&T	P102A				
		CLIN 4A, 8510 PHONE	1	LOT	24,096.00		24,096.00
		72 @ $218 = $15,696.00					
		CLIN 4B, 7506D TSG PHONE					
		28 @ $300 = $8,400					
03	000000	COORDINATED WITH TOM TAYLOR/ OA PROCUREMENT					
04	000000	CONTACT TILMAN DEAN WITH ANY QUESTIONS (202) 395-6722					

FUNCTION _ (F5-Accept, F6-Next, F8-More, F9-Prev, F12-Quit) $ 24,096.00

2B:HOST A

1-7-94

THE ELECTRONIC REQUISITION SYSTEM - B
REQUISITION PROCESSING ENTRY

REQ. NUMBER: RDC4728 AGENCY: EOP./42 USERID: EIRNC31
FISCAL YEAR: FY-94 UPDATED: 940107
SUGGESTED SOURCES:
AT&T
1600 PENNSYLVANIA AVE. N. W.
RM 019
WASHINGTON, DC 20500
ATTN: WANDA GREEN
(202)456-9808

ISSUING OFFICE:
TILMAN DEAN
EOP.ONDCP
WASHINGTON, DC 20500
(202) 467-9680
REQ. DELIVERY DATE: 940121

SHIP TO:
EOPOA WAREHOUSE; WASH NAVY YARD
1ST & N PLACE SE; FED CTR; BLDG 136
WASHINGTON, DC 20003
ATTN: TILMAN DEAN

FUNCTION: _ (F5 - Accept, F6 - Next screen, F12 - Quit)

THE ELECTRONIC REQUISITION SYSTEM - C1
REQ. NUMBER: RDC4728 REQUISITION PROCESSING CONT.

NO	OBJ CL	DESCRIPTION OF SUPPLY/SERVICE	INDEX	PRJ	PHS	PY	AMOUNT
			qty	unit	price		
01	260101	14 FOOT PHONE MOUNT CORD	P100A				
			10	EA	6.60		66.00
02	260101	25 FOOT PHONE MOUNT CORD	P100A				
			5	EA	7.92		39.60
03	260101	25 FOOT HANDSET CORD	P100A				
			6	EA	10.99		65.94
04	260101	HEADSET REST	P100A				
			6	EA	10.99		65.94
05	000000	ANY QUESTIONS PERTAINING THIS REQUISITIONS MAY BE ADDRESSED TO TILMAN DEAN (202)395-6722.					
						$	237.48

FUNCTION _ (F5-Accept, F6-Next, F8-More, F9-Prev, F12-Quit)

1-7-94

EXECUTIVE OFFICE OF THE PRESIDENT

07-Apr-1993 01:22pm

TO: Gregory D. Cummings

FROM: Robert D. Helms
Office of Administration, AOD

CC: Thomas L. Taylor

SUBJECT: RE: Telephone Task Force

Greg,

I have been tasked with heading up a task force to modernize OA/EOP phone system with initial recommendations to Mr. Watkins next week. We are looking at an executive summary of what our baseline needs are and the alternatives for meeting those needs: 1. Other Agencies 2. Sole Source Contracts with C&P/AT&T 3. Various arrangements of Switches and PBXs.

Secret Service, WHCA, and IRMD are helping develop baseline documentation; but I need someone here who has recent experience in doing such a procurement, and especially someone who broke the mold and purchased phones other than AT&T.

I just learned as I was typing this that Tracey Bare is a contract employee. WHCA also had initially brought along another TWD employee. Their general counsel has advised that contractor personnel should not be further involved in process. I will check with Bruce and we may decide to do the same, i.e. limit TWD involvement. From a contract standpoint it seems he is now working out of scope, since TWD contract only provides support to ONDCP.

When Rick gets back what I would like to have him do is sit in 3 times a week for about 4 hours a day and help us document what our new system should look like and how we should obtain that new system.

EXECUTIVE OFFICE OF THE PRESIDENT

07-Apr-1993 09:44am

TO: Gregory D. Cummings

FROM: Robert D. Helms
Office of Administration, AOD

CC: Richard B. Rineer

SUBJECT: Telephone Task Force

Sorry about the mixup with Rick. Meeting was called on short notice and I checked with him to see if he was available. His input will be invaluable to us since you have recently gone thru this exercise. We are on a very short fuse and this is OAs #1 priority.

PS - Tracey Bare is also helping.

EXECUTIVE OFFICE OF THE PRESIDENT

07-Apr-1993 01:22pm

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FROM: Robert D. Helms
Office of Administration, AOD

CC: Thomas L. Taylor

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF ADMINISTRATION
Washington, D.C. 20503

E X E C U T I V E O F F I C E O F T H E P R E S I D E N T

16-Apr-1993 04:55pm

TO: John V. Brennan
TO: Patsy L. Thomasson

FROM: Robert D. Helms
Office of Administration, AOD

CC: DeVere R. Patton, Jr.
CC: Thomas L. Taylor

SUBJECT: Additions to Telephone Task Force

I would like to express my appreciation to ONDCP for allowing Rick Rineer to assist the Telephone Task Force in documenting our statement of work. Rick is the telecomm officer for ONDCP and prepared specifications in 1990 for a new phone system for that agency. He also has previous experience with WHCA, USSS and other agencies.

I would also like to thank IRMD for allowing Jerry Carlsen and Larry Jurzich to assist the task force. Both have extensive experience in telecomm and will be a great help in the process.

Office of National Drug Control Policy

FY 92 Expense 53,492

Cost New System (AT&T and C&P)

	Cabling, GSA, & FY 1993 Costs	FY 1994 Lease Pmt	FY 1995 Lease Pmt	FY 1996 Lease Pmt	FY 1997 Lease Pmt	FY 1998 Lease Pmt	Total
Option 1	25,874	27,859	32,639	32,713	32,790	45,238	197,112
Option 2	45,634	25,151	29,930	30,004	30,081	40,961	201,761
Option 3	53,034	23,939	28,279	28,353	28,430	37,645	199,680
Option 4	93,034	16,161	20,501	20,575	20,652	19,183	190,066

Option 1
This option includes the estimated cabling costs for AT&T station cable ($547,000), C&P riser cable ($188,000), and GSA facility costs ($500,000)

Option 2
ncludes the equipment in option 1 plus fiber installation between uildings ($145,000) and the use of second central office for half of the trunks nd buyout the generator ($843,000)

Option 3
ncludes equipment in options 1 & 2 plus TSO hardware end software ($370,000)

Option 4
ncludes equipment in options 1, 2, & 3 plus PBXs ($2 million).

Breakeven Analysis

Current System vs New Options

	Breakeven in Years	Date
Option 1	3.85	Nov 1996
Option 2	3.87	Nov 1996
Option 3	3.84	Nov 1996
Option 4	3.83	Oct 1996

Lease vs Purchase

	Breakeven in Years	Date
Option 1	5.97	Dec 1998
Option 2	5.95	Dec 1998
Option 3	5.99	Dec 1998

NOTE The funds we are requesting for FY 93 purchase and FY 94 lease are for the infrastructure to support everyone's phones egardless of what is on the desk now This request includes everything but the desk sets. The more we can provide for purchase in 93, he lower the 94 lease payments will be The new system will support improved service at lower costs. Maintenance costs and he costs for moves, adds, and changes will be substantially reduced

FY'93
Financial Profile
of the
Executive Office of the President
Office of National Drug Control Policy

-1147-

Principle Point of Contact — Richard Risser — (202) 467-9680

GSA Recommendation — $48,767

1 Funding Agreement

2 Carryover from FY'92 — $826

Billings
- 1stQuarter — $15,000
- 2ndQuarter — $4,400
- 3rdQuarter — $10,000
- 4thQuarter — $10,000

3 Total Billed to Date — $39,400

4 Funds Available for Svc (2+3) — $40,226

Charges	SVS	DTS	PSS	SDLS	VTS	Total (w/tax608)
October	3,534					4,132
November	3,410					3,991
December	3,304					3,715
January	2,791					3,260
February	2,518					2,945
March	2,407					2,807
April	2,031					2,375
May	1,924					2,248
June	2,005					2,335
July						
August						
September						
5 Charges to Date	23,924					27,808
6 Average to Date	2,658					3,090

7 Current Balance (4-5) — $12,418

EXECUTIVE OFFICE OF THE PRESIDENT

02-Aug-1993 09:59am

TO: (See Below)

FROM: Robert D. Helms
Office of Administration, AOD

SUBJECT: Meeting on New Phone System

There will be a meeting at 10AM Thursday, August 5 in Room 9104 to discuss technical benefits of the new EOP phone system to be installed in FY94. John Anderson, the consultant who has been assisting EOP in this acquisition, will be available to answer any questions you might have and to brief you on features available in the new system.

Please call me on x3314 if you have any questions.

Thanks

Distribution:

TO: John B. Arthur
TO: Brian L. Foucart
TO: Peter S. Siegel
TO: Bronya Clark
TO: John Hopkins
TO: Todd Campbell
TO: Liz Kaminski
TO: Gregory D. Cummings
TO: Barbara A. Ferguson
TO: Jeeter Morris

EXECUTIVE OFFICE OF THE PRESIDENT

02-Aug-1993 05:01pm

TO: Gregory D. Cummings

FROM: Richard B. Rineer
National Drug Control Policy

SUBJECT: Telephone pro-rata for ONDCP

Greg,

I have studied the report on the findings that was sent by procurement. In the report it indicates four basic options. The first is for new cabling which we do not need so it does not apply. The second is for fiber installation and a generator which we do not need because we have both covered in our configuratiuon. The third option is for a TSO or Telephone Service Office which we do internally for all change orders so we do not need this. Finally the fourth option is for all of the equipment plus the PBX which we already own so we don't need this.

In final analysis we already have all of the functions discussed in the document and are currently provided no services off of the WH switch and therefore should not and do not pay a pro-rata sum to the EOP.

If they were to take over the switch and provide all services as we discussed about a week ago I might be inclined to get on the band wagon here. But they are not planning this move so I feel that we should pass on any support to this program until we can here a different proposal from them.

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF ADMINISTRATION
Washington, D.C. 20503

August 25, 1993

MEMORANDUM FOR TIL[redacted]MAN DEAN
ADMINISTRATIVE CONTACT

FROM: LAWRENCE R. JURCICH
MANAGER, EOP PHONE SYSTEM

SUBJECT: Site Preparation for New Phone System

Attached you will find the environmental site preparation requirements for the Expansion Port Network (EPN) that will be installed at 750 17th Street, in your space, to serve the ONDCP office. Please have the site prepared per the specification by October 2, 1993, as the equipment will arrive NLT October 8, 1993.

Should the need arise, please contact me on 395-7323.

cc: Richard Rineer

Attachment

3/24:

AT&T Technology Systems
AT&T Federal Systems

Room 02 OEOB
1600 Pennsylvania Avenue N.W.
Washington, DC 20500
202 456-6400
FAX 202 842-0316

August 23, 1993

Executive Office of the President
Office of Administration
ATTN: Lawrence Jurcich
Contracting Officer's Technical Representative

Dear Mr. Jurcich:

This letter serves as formal notification to the Government to prepare the 750 17th Street site equipment room to the environmental requirements as outlined herein. This site has been identified as the location for placement of an Expansion Port Network (EPN) which will serve ONDCP. The Government has agreed to have this room ready by October 2, 1993. At that time, AT&T and EOP will jointly inspect the room to insure the room meets the requirements for a switch room. AT&T will deliver the DEFINITY EPN on or about October 8, 1993. Since the room is currently occupied by an telecommunications switch, a suitable area close to the switch room must be available for storage of the AT&T switch until installation can be accomplished. Listed below are specific site preparation requirements for that space in order to make it acceptable for installation of the new equipment.

Space Management:

At cutover, the existing switching equipment must be disconnected and the EPN installed. Rearrangement of the existing equipment would have to be managed to provide sufficient swing space for installation of the new equipment. AT&T will be installing an EPN cabinet which is approximately 2' 8"W by 2' 4"D by 6'H, a 300 A/H battery Cabinet which is approximately 4'W by 22"D, and an Enhanced D.C. Power System (EDCPS) cabinet. The EDCPS will rest on top of the battery cabinet and not require floor space.

Heating and Air Conditioning:

The equipment room should be maintained at an ambient temperature between 65 and 85 degrees Fahrenheit, 24 hours a day, 7 days a week (70 degrees is recommended). Airflow must be filtered. Maintain a relative humidity of between 20 and 60 percent. The heat dissipation for the EPN

equipment is 1700 BTU/hour. The heat dissipation for the power equipment is 10775 BTU/hour.

Power:

The Government shall be responsible for all A.C. wiring. AT&T shall provide and install all D.C. wiring components. The Government should plan to install a dedicated branch feeder circuit for the EPN. No other equipment should be connected to these branches, (including lighting, fire alarms, and HVAC equipment, etc.). The circuit must be configured for 3-phase, 4-wire, grounded, 208 volts AC.

In addition a qualified electrician shall provide and install:

- All necessary conduit and wiring associated with the system cabinets, the building power service and the A.C. distribution system. Work shall be completed in accordance with local codes.

- A nonfusible main disconnect switch to ensure a means of disconnecting all A.C. power from the system. This switch must be physically located in the equipment room to allow easy accessibility and viewing by personnel in the room. Local codes may require this disconnect switch to be located nest to the exit door.

- An AC system load center and a 20 amp circuit breaker labeled with its associated cabinet designation as shown on the floor plan.

- Feeder circuits between the A.C. load center and each of the system receptacles as shown on the floor plan.

- Conduit and cabling between the A.C. load center and standby power equipment.

- The proper gauge copper wire, as shown in the Equipment Room Specifications package, to an approved local ground.

- Nonsystem receptacles as shown on the Equipment Room Specifications package.

- Equip exposed circuits with protection and sneak current fuses on all circuits that require them.

The Government will be required to install the A.C. protector cabinet provided by AT&T.

The equipment area floor strength must be sufficient to carry the equipment loads. The total weight of the EPN

cabinet and peripheral equipment in the equipment room will be: 750 lbs for the EPN and 1475 lbs for the power equipment.

Miscellaneous:

Walls and ceilings are to be sealed, dust-free and of a suitable light color to aid illumination.

Equipment and attendant areas must be illuminated uniformly. Lighting fixtures must be above the maximum height of equipment and associated cabling.

The batteries specified for this installation are a sealed-maintenance free type, which emit no gas under normal operation conditions. Special ventilation need not be provided except as local codes may require.

If you have any questions about the pre-installation site preparation requirements, please contact the AT&T Project Manager, Jim Stevens on 456-6400. Thank you.

Sincerely,

James A. Stevens, Jr.
Project Manager
AT&T, GBCS

Copy to:

John Anderson, Consultant
Tom Bushong, Program Manager - C&P
Paul McQuillan, Program Manager - AT&T

OFFICE OF NATIONAL DRUG CONTROL POLICY
EXECUTIVE OFFICE OF THE PRESIDENT
Washington, D.C. 20500

FACSIMILE TRANSMITTAL SHEET

NUMBER OF PAGES INCLUDING COVER 5

DATE 9/20/93

TO: GSA - Monica Tamony

FAX NUMBER 401 - 0198

OFFICE NUMBER

COMMENTS 6TH FLOOR TELECOM ROOM AT 750 17TH ST AS WE DISCUSSED.

FROM: TILMAN DEAN

FAX NUMBER (202) 467-9639

OFFICE NUMBER (202) 467-9680

TRANSMISSION REPORT

THIS DOCUMENT WAS CONFIRMED
(REDUCED SAMPLE ABOVE - SEE DETAILS BELOW)

** COUNT **
TOTAL PAGES SCANNED : 5
TOTAL PAGES CONFIRMED : 5

*** SEND ***

No.	REMOTE STATION	START TIME	DURATION	#PAGES	MODE	RESULTS
1	202 401 0198	9-20-93 10:34AM	2 14"	5/ 5		COMPLETED 9600
		TOTAL	0:02 14"	5		

NOTE
No. : OPERATION NUMBER 48 : 4800BPS SELECTED EC : ERROR CORRECT G2 : G2 COMMUNICATION
PD : POLLED BY REMOTE SF : STORE & FORWARD RI : RELAY INITIATE RS : RELAY STATION
MB : SEND TO MAILBOX PG : POLLING & REMOTE MP : MULTI-POLLING RM : RECEIVE TO MEMORY

OFFICE OF NATIONAL DRUG CONTROL POLICY
EXECUTIVE OFFICE OF THE PRESIDENT
Washington, D.C. 20500

FACSIMILE TRANSMITTAL SHEET

NUMBER OF PAGES INCLUDING COVER 5

DATE 9/13/93

TO: MANULIFE - KATHRYN CLEMENT

FAX NUMBER

OFFICE NUMBER

COMMENTS KATHRYN, PER OUR TELECOM. PLEASE RE IF YOU COULD EXPEDITE THIS REQUEST, I WOULD BE GREATFUL TO YOU. THANKS

FROM: TILMAN DEAN

FAX NUMBER (202) 467-9639

OFFICE NUMBER (202) 467-9440

7 MONICA 401-0198

TRANSMISSION REPORT

THIS DOCUMENT WAS CONFIRMED
(REDUCED SAMPLE ABOVE - SEE DETAILS BELOW)

** COUNT **
TOTAL PAGES SCANNED : 5
TOTAL PAGES CONFIRMED : 5

*** SEND ***

No.	REMOTE STATION	START TIME	DURATION	#PAGES	MODE	RESULTS
1	MANULIFE	9-13-93 10:58AM	2'14"	5/ 5		COMPLETED 9600
			TOTAL	0:02 14"	5	

NOTE:
No. : OPERATION NUMBER
PO : POLLED BY REMOTE
MB : SEND TO MAILBOX
48 : 4800BPS SELECTED
SF : STORE & FORWARD
PG : POLLING A REMOTE
EC : ERROR CORRECT
RI : RELAY INITIATE
MP : MULTI-POLLING
G2 : G2 COMMUNICATION
RS : RELAY STATION
RM : RECEIVE TO MEMORY

DRAFT

TO: GREG CUMMINGS

FROM: RICK RINEER

SUBJECT: IMPACT OF NEW WHITE HOUSE PHONE SWITCH ON ONDCP

The new proposed phone switch, which is to be installed by the White House telephone working group, will include a new numbering plan (467-XXXX will go away), new telephone instruments (the current ones will not work on the new system), new trouble reporting procedures (all service will come from the OA), new change order response times (expect 3 to 10 working days for routine changes), new telephone dialing procedures (access codes and phone carriers will change) and new billing for the same services (we do not pay for many services which will be billed under the new system).

The new telephone system, as I understand it, is to replace our existing switch with a forward processing cell connected to the new AT&T PBX being installed in the White House. The proposed cutover is to take place on 3 December 93. While many of our current features will be duplicated it is important to remember that changes will take place that require that all personnel be re-trained. Additionally all ONDCP service request will be entered into the priority service system at the White House, Telephone Service Office (TSO) and will be handled based on all other priority work orders. This will cause considerable delays in moves and new service to the ONDCP.

The cutover date is projected to be 3 December 93. To continue operations we will have to maintain the current switch system servicing ONDCP. This is the only option which is viable. However the current switch will only provide services through 30 September if we release the 6th floor and the space that houses the switch. Additionally if this space is released it will also serve to disconnect the COMCENTER and will close down operations of that facility.

The White House telephone working group plans to install their new switching unit in the 6th floor telecommunications room. Therefore it is imperative that we continued to maintain this space for use by the EOP switch. If a space utilization and retention does not take place before 30 September we will not be able to provide for continued operation after 30 September as the switch will be removed.

Unfortunately the migration to the new system is at best 'up-in-the-air'. I have not seen the documents which were submitted as the RFP to industry nor have I seen any of industries responses. As I understand the program IRMD has taken on the burden of technical review and implementation. As such I would direct all inquiries into features and impact of the new system to the EOP, telecommunications team leader, Mr Jerry Carlson, IRMD.

Funding for this new system, even at the lowest levels, will be an additional burden on ONDCP as we currently own all of our equipment and perform all of our own maintenance. For the new system it has been suggested that ONDCP be levied approximately 1%, or about $45K, of the implementation cost which is realistic. I suggest that this funding come from our FY93 budget and continued support come from the existing TWD contract.

3/23/91

PO 1/2

Jerry:

Here is the pricing information for the upgrade. Rick can just copy the part numbers to the PO. I itemized each group of prices so you can see the different pricing components. You may wish to combine the prices to show one figure -- your option.

Two items were not on the schedule and needed PLM to quote the price. Also the 2018S set is not on the schedule (misprint on sched.) and it only comes in the color ASH (.) according to Steve Grey PLM, price is correct.

The last pricing group is for the CSUs: We should meet with Rick to get more detail on the CSUs if he intends to order them from us.

John Cicone and I talked with NTI (Sheryl, Mary Lou, Ron Schaffer) they say we should quote a six week installation interval (five with $2,500 expedited shipping!) the time starts when NTI gets the order at the factory - they cannot shorten this interval. Installation work is priced as overtime to cover weekend installation.

Let's chat

Chas

MERIDIAN 1 OPTION 61 UPGRADE PRICING SHEET

MERIDIAN OPTION 21 TO OPTION 61 UPGRADE

PART NO.	DESCRIPTION	QNTY	GSA NET PRICE EACH	TOTAL NET PRICE
U9606D	OPT. 61 UPGRADE ASSEMBLY	1	11,933.55	11,933.55
AS1059	FLOPPY DISK ASM.- DUAL CPU	1	1,274.40	1,274.40
QPC414	NETWORK CARD	2	840.35	1,680.70
QPC471	CLOCK CONTROLLER	1	610.65	610.65
NT8D75AD	CLOCK CONTROL CABLE (5 FT)	1	34.50	34.50
NT8D79AD	PRI/DTI-CLOCK CABLE (6 FT)	4	27.60	110.40
AS1061	PRI ASSEMBLY	3	1,628.40	4,885.20
NT8D01AD	CONTROLLER CARD - 2	1	1,935.50	1,935.50
NT8D85AD	NETWORK TO PI CABLE (6 FT)	6	20.70	124.20
NT8D16AA	DIGITONE RECEIVER	2	1,941.10	3,882.20
NT8D49AA	COLUMN SPACER	3	131.10	393.30
SW0000B	RTU/MERIDIAN BASE SOFTWARE	1	2,047.50	2,047.50
SW0401A	APP. PROG. LINK SOFTWARE	1	61.25	61.25
SW0402A	RTU/IVMS LINK	1	392.00	392.00
SW0403B	RTU/MERIDIAN 1	1	49.00	49.00
SW0010A	RTU/AUTO. NUMBER ID.	1	605.15	605.15
SW0042A	RTU/COORD. DIALING	1	242.55	242.55

UPGRADE HARDWARE AND SOFTWARE:	$30,262.05
INSTALLATION CHARGE OPTION 61 UPGRADE:	$8,220.00

PC 2/2

ADDITIONAL HARDWARE, MERIDIAN 1

PART NO.	DESCRIPTION	QNTY	PRICE EACH	TOTAL NET PRICE
NT2K08AA93	M2008 BUS. SET, GRAY	1	113.85	113.85
NT8K90AA35	M2018S SECURE SET, ASH	6	679.65	4,077.90
A0367335	TRANSFORMER, 110V	6	29.70	178.20
NT8D03AB	ANALOG LINE CARD	2	1,511.65	3,023.30
NT8D02AA	DIGTIAL LINE CARD	1	1,511.65	1,511.65
TOTAL:				$9,904.90

UPGRADE HARDWARE NOT ON GSA SCHEDULE

PART NO.	DESCRIPTION	QNTY	PRICE EACH	TOTAL NET PRICE
999 SLL-1	TAPE PREPARATION CHARGE	2	100.00	200.00
NT6D11CE	RING GENERATOR	1	731.40	731.40
TOTAL:				$931.40

Pricing Totals

30,262.05	UPGRADE - GSA
8,220.00	INSTALLATION CHARGE FOR UPGRADE
9,904.90	ADDL HARDWARE ASKED FOR BY RICK
931.40	UPGRADE - NOT GSA
$48,318.35	TOTAL

ADDITIONAL HARDWARE, COMMUNICATIONS (OPTIONAL)

PART NO.	DESCRIPTION	QNTY	GSA NET PRICE EACH	TOTAL NET PRICE
* 0600060932	BA551V LIST 6, CSU	3	1,500.00	4,500.00
0600082972	POWER SUPPY (NOTE 1,	1	250.00	250.00
0600082231	T-1 MTG CORD (NOTE 2	3	30.00	90.00
TOTAL:				$4,750.00

NOTES:
(1) ELGIN 2 AMP, -48V DC POWER SUPPLY FOR MAXIMUM OF 10 "LIST 6" CSUs. ***REQUIRED, IF NO T1 SPAN POWER***

2) EIGHT PIN MODULAR-TO-SPADE TIPS, SHIELDED TWISTED PAIR CABLE FOR CONNECTING CSU TO THE NETWORK WHEN T1 IS TERMINATED IN A MODULAR JACK.

* Standalone units. Can be ordered as rack mounted, less money, less space. Lets hold this one & talk after the PO comes through.

December 5, 1990

MINUTES OF ONDCP - BELL ATLANTICOM MEETING

ATTENDEES:

BELL ATLANTICOM:	Robin Jerry Starkey Bruce Cheryl Ruble Dennis Evans
ONDCP:	Richard B. Rineer Tracy Bare

1. White House lines. Waiting for equipment.

2. FTS Service. 15 lines.
   Automatic route selecting.
   Waiting on service from Mid-town.

3. Foriegn Exchange. 10 outward analog lines
   Need to purchase 2 analog cards

4. Printer hookup. Need to hook up printer to port to record phone transactions.

5. Maintenance Procedures. Need to develop after hours emergency maintenance procedures.

6. PBA. Need to write up PBA to Bell Atlanticom for Moves, Adds and Changes (MAC). This should include enough money to cover the two analog cards and installation services

7. Installation of FTS & WH lines. Dennis stated he would install lines at no additional cost to us.

northern telecom

NORTHERN TELECOM MERIDIAN 1

ENVIRONMENTAL REQUIREMENTS

Meridian 1

Recommended Limits:	59° F to 86° F (optimum 72°) 20% to 55% Relative Humidity Non Condensing
Maximum BTU's Generated/Hour	3,000 BTU - First Cabinet 2,000 BTU - Each Additional Cabinet
Footprint:	Depth: 26" Width: 32" Height: 31" First Module - 17" Each Additional

The location chosen for the equipment cabinet must meet these conditions:

A. The cabinet must stand on a solid base to allow even distribution of weight. The floor must have the capacity to accommodate a floor loading of 105 lb./sq. feet.

B. Location should be:

Dry and Clean
Well Ventilated
Well Lit
Easily Accessible
Free from Strong Electromagnetic Fields

C. The cabinet must not be located in an area that is:

Near a Sprinkler System
Under Water or Steam Pipes
Within ten feet of a Reproducing or Copy Machine, or other strong Electromagnetic Field.

COMMERCIAL POWER SUPPLY

A. The various power supplies for the system are listed below. A layout of your proposed switch installation will be provided to indicate exact locations for this service.

or concrete) for inspection and maintenance during the life of the installation.

3. The Meridian 1 system grounding electrode conductor must be:

   - o Continuous with NO splices or junctions.
   - o Tagged at both ends "Do Not Remove or Disconnect".

4. The Meridian 1 system grounding electrode conductor shall be a no-load, non-current carrying cable under normal operating conditions. To insure the no current status of this conductor, it must be in the same conduit as any power conductors feeding the Meridian 1 sub-panel.

5. A dedicated AC sub-panel must be provided to the Meridian 1 system and associated equipment, i.e., modems, teletype, telco interface equipment and any other ancillary equipment. No lighting, air conditioning, heating, generators or motors shall be serviced from this panel.

6. A Dedicated Ground Bus Bar, isolated from any contact with the AC panel and having the Meridian 1 isolated ground installed upon it, is required in the Meridian 1 AC sub-panel. The conductor shall be a separate, uninterrupted, insulated wire, which is at least as large as the largest power conductor feeding the sub-panel, minimum 4AWG.

7. Individually wired isolated ground receptacles are to be utilized at all 208V and 120V locations. Fault current protection device ratings are dependent upon the Meridian 1 system type being installed.

8. The Meridian 1 system ground shall be the Building Electrical Earth Ground Reference, bonded at the AC main panel if it feeds a Meridian 1 sub-panel. If a dedicated transformer is provided, the isolated ground should be bonded at the secondary of the transformer.

9. From the isolated ground bus, one single ground wire (6 AWG minimum) should be run to the Meridian 1 according to specifications stated in a switchroom layout generated by the installation department.

10. In order to provide a reliable and predictable earth ground source, an alternate earthing electrode must be identified and measured. The impedance of the earthing electrode(s) must be 5 ohms or less. Once this measurement has been taken, the earthing electrodes must be bonded to the building electrical earth ground

northern telecom

MERIDIAN 1 SYSTEM GROUNDING GUIDELINES

Essential to the Meridian 1 system operation is the use of proper system grounding. The Meridian 1 is an electronic system utilizing low level logic, requiring a single-point ground reference to earth ground. A low impedance interface point between an isolated ground plan and all other circuits results in an effective, measurable and predictable ground to the Meridian 1 system. It also eliminates external faults and damaging voltages from propagating through the Meridian 1 system.

Further, adverse reactions of improper system grounding may result in:

- o Unsafe conditions for personnel working on or using the equipment.
- o The system may not be protected from lightning or power transients.
- o Equipment being subject to service interruptions.

Therefore, the following grounding specifications and illustration will serve as an outline for implementation of the single-point ground concept on all Meridian 1 systems.

Requirements

1. All ground conductors emanating from an AC panel serving the Meridian 1 system must comply with the National Electric Code, Article 250 - Grounding. All wire/ cables shall be insulated copper conductors without splices or joints between the AC main panel and the AC sub-panel (as applicable). The wire gauge used shall be at least as large as the largest power conductor feeding the Meridian 1 sub-panel and comply with the National Code Articles 250-94 and 250-95, minimum 4AWG.

   Conflict Clause:

   Adherence to local and national codes shall always prevail. Should a conflict occur between a code and this specification, please contact NTI for clarifications of our procedures.

2. All ground conductor terminations must be permanent, resulting in low impedance connections. The terminations should be accessible (except when buried in earth

following methods for measuring the
ɔde(s) are recommended:

t "fall of potential" method

t "null balance" method

)S Electronics Corporation
) West Harrison Street
: Park, Illinois 60304

uation Practices and Equipment

otential

umes G. Biddle Company
.ymouth Meeting, Pennsylvania 19462

:o-Earth - Manual on Earth Resistance
trical Testing and Precision Measuring

EEE Standard 81-1983

ıg Earth Resistivity

Impedances and Earth Surface Potentials

provisions should be verifiable by NTI
pplied to the system to insure equipment
ety.

1. Option 21A Only

   One 208 VAC, 60 cycle, 20 amp, isolated ground receptacle, Hubble type IG 2320 (NEMA #L6-20R).

   Options 21, 51, 61, 71 - AC Systems

   One 208 VAC, 60 cycle, 30 amp. Isolated Ground Receptacle, NEMA #L6-20R is required per column.

   Options 21, 51, 61, 71 - DC Systems

   One 208VAC, 60 cycle, 30 amp. Isolated Ground Receptacle, NEMA #L6-30R is required per rectifier.

2. One or more 117 VAC, 60 cycle, isolated ground duplex receptacle, Hubble type IG 5262 (NEMA #5-15R) on a separate 15 amp circuit to support ancillary equipment: i.e., teletypewriter and data modem (amount and location to be specified).

3. One single isolated ground wire (six gauge minimum) terminated at the isolated ground bus with 10 feet left free at switch location.

   (Simplified grounding requirements shown below. For detailed grounding requirements, please refer to enclosed Meridian 1 System Grounding Guidelines.)

OFFICE OF NATIONAL DRUG CONTROL POLICY
EXECUTIVE OFFICE OF THE PRESIDENT
Washington, D.C. 20500

MEMORANDUM

TO : Billy T. Williams
Acting Chief, Procurement and Contracting Branch
Office of Administration

FROM : Sara T. Bass
Director, Administrative Staff
Office of National Drug Control Policy

SUBJECT: Synopsis Waiver - ONDCP Telephone System

On July 13, 1990, the Office of National Drug Control Policy (ONDCP) submitted a request to the Office of Administration, Procurement and Contracting Branch, to prepare and award a contract to Bell Atlantic/Northern Telecom for the installation of a telephone system at 750 17th St., N.W. This request is due to ONDCP's upcoming relocation to 750 17th St., N.W. from our current space at 1825 Connecticut Ave., N.W.

Owing to the nature of this project and the need to ensure a timely award, we request that this procurement not be publicized in the Commerce Business Daily (CBD), as specified in Federal Acquisition Regulation (FAR) Part 5. We base this request upon the following:

- Mission Essential. ONDCP is charged with developing and submitting an annual National Drug Control Strategy to Congress. The next Strategy is due in early January 1991. Most of the work required to write this Strategy will take place in September and October of this year. Accomplishing this task would be daunting if our move was postponed beyond September 20 (the current scheduled move date). The disruptions to ONDCP operations would be quite severe, and would place the timely submission of the National Drug Control Strategy in jeopardy.

- Timely Award. ONDCP's tentative move date, September 20, 1990, is rapidly approaching and the build-out of the space is nearly 70% completed. The installation of the telephone system must not be delayed. The general contractor has requested that installation proceed as early as August 3, 1990 so that remaining aspects of construction can proceed on schedule. Any delay would cause a delay in ONDCP's relocation, costing the government at least $68,000.00 in

increased telephone bills. In addition, the vendor selected (Bell Atlantic/Northern Telecom) provides support to the White House and the Executive Office of the President (EOP) system and can install and maintain our system quickly and at a reduced cost.

- Security. Our current space does not adequately meet our security needs. The entire relocation project is driven by our need for more secure space. Delaying the installation of the telephone system (which would delay the relocation) would force us to continue to do our work in a facility that does not adequately meet our current and future security needs.

Based on the factors listed above, and on your advice about this procurement, we believe it would be in the best interest of the Government to waive the synopsis requirement for this procurement. Please contact Jim Baugher or Rick Rineer at 673-2639 if you have any questions or require additional information.

Many thanks.

OFFICE OF NATIONAL DRUG CONTROL POLICY
EXECUTIVE OFFICE OF THE PRESIDENT
Washington, D.C. 20500

10 JUL 1990

MEMORANDUM

TO : Billy T. Williams
Acting Chief, Procurement and Contracting Branch
Office of Administration

FROM : Sara T. Bass
Director, Administrative Staff
Office of National Drug Control Policy

SUBJECT: Sole Source Justification - Telephone System

Please find attached the proposal and a sole source justification for ONDCP's telephone system as discussed with you on June 8, 1990. This system has been ordered on requisition #RDC868 through the Electronic Requisition System.

We would like to have this contract awarded by the end of July (if not sooner). If you or your staff have any questions or need additional information, please contact Jim Baugher at 673-2639.

I would also like to express my sincere thanks to you and your staff for the continued cooperation and assistance provided to ONDCP as we prepare to relocate. These are trying times for us, and for all of you, but your assistance has been invaluable.

Many thanks!

Attachment

ONDCP TELEPHONE SYSTEM

The Office of National Drug Control Policy (ONDCP), an Executive Office of the President (EOP) agency, is the President's primary Executive Branch support for drug policy and program oversight. ONDCP is charged by law with formulating, evaluating, coordinating, and overseeing both international and domestic anti-drug abuse functions by all Executive Branch agencies, and ensuring that such functions sustain and complement State and local anti-drug abuse efforts.

When ONDCP began operations in January 1989, adequate office space in the White House complex was not available. Since then, ONDCP has been housed in temporary space. Because of this, ONDCP has been working with the General Services Administration (GSA) for the past year to find suitable secure and permanent office space. This space must meet the security needs of our agency and also the basic needs of housing up to 150 employees with accompanying furniture, equipment, etc. In addition, ONDCP desired space as close to the White House complex as possible since many administrative support functions (mail, office supplies, financial management, procurement, etc.) are provided to ONDCP by the EOP. Due to the lack of available government-owned or existing government-leased space suitable to our need for security, GSA and ONDCP agreed to ask the Congress for a waiver from the competitive process in order to lease commercial office space in a rapid manner. This waiver was granted in November 1989.

Site visitations by ONDCP and GSA staff were conducted, and after several site visits, the commercially-owned building at 750 17th St., N.W. was selected. GSA then entered into lease negotiations, with the lease being signed in mid-April 1990. Space design drawings were completed by the end of April 1990, with construction drawings completed in mid-June 1990. Build-out of the space began June 11, 1990 with occupancy expected in mid-to-late September 1990. GSA has identified a tentative move date of September 20, 1990.

ONDCP's current telephone system is inadequate. It is costly, antiquated, and slow. More importantly, it lacks connectivity to the Bell Atlantic/Northern Telecom DMS-100 Centrex system that serves the White House and the EOP. This lack of connectivity requires that "9" be dialed before dialing any White House or EOP phone number. ONDCP is currently exceeding 16,000 "dial 9" calls per month. At $0.065 per "dial 9", ONDCP's phone bills are quite high. While some "dial 9" calls are necessary and unavoidable, we estimate that 40% of our local phone calls are made to the White House and the EOP. By having connectivity to the White House and the EOP, our cost savings would be substantial.

ONDCP Telephone System - Page 2

The system requested is a Northern Telecom, Meridian 1 Communications System. This system was selected because it provides the latest in support technologies and advanced networking features. It will meet ONDCP's current and future requirements for voice, data, facsimile, and secure telecommunications. Because the same Bell Atlantic/Northern Telecom Service Team which provides support to the White House and the EOP system would install and maintain our system, this system could be installed quickly and at a reduced cost, while still satisfying our immediate and pending telecommunications needs.

ONDCP has been chartered to exist for five years. The proposed system will adequately meet ONDCP's telecommunications requirements for that period of time, and well beyond if continued occupancy is desired. Therefore, this is a one-time effort that will not have to be duplicated at this location.

We believe this procurement to be Compelling and Urgent because the telephone system must be installed while the new space is under construction. Delaying the installation until after the interior walls are constructed (early August) will add at least $10,000 to the installation cost of the system. If installation is delayed until the space is occupied (late September), a temporary telephone system would have to be installed. If we install a temporary phone system we will incur a connect/disconnect charge and a much higher monthly cost. The initial connect charge, set-up charge, and first month's cost is expected to be approximately $68,000, with each additional month costing approximately $13,000. Delaying the move date until the telephone system is installed would severely affect the mission of ONDCP, in addition to resulting in higher security and administrative costs.

Based on the information listed above, it is our opinion that purchasing this system from Bell Atlantic, on a sole source basis, will be in the best interest of ONDCP and the Government.

PROPOSAL

for the

OFFICE OF NATIONAL DRUG CONTROL POLICY

A. SCOPE

To provide The Office of National Drug Control a complete telecommunications system at 750 17th Street, N.W. This shall consist of a new digital PBX, new universal wiring plan, telephone instruments, training for the end users, and all materials needed to install same.

B. SYSTEM DESCRIPTION

Two system packages are provided along with separate pricing. The system with option 21 includes a simplex CPU and memory. Option 61 includes a redundant CPU and memory. Both packages provide systems equipped with the following:

176	Digital Voice Lines
48	Analog Lines
1	Attendant Console
10	DID/DOD Trunk Ports
5	2W/4W E&M Trunk Ports
3	T-1 Interfaces
140	M2008 Digital Telephones
30	M2016S Digital Telephones
1	CDR Port
1	Two Hour System Battery Back-up
3	Channel Service Units
2	AC Power Conditioners
1	Maintenance TTY
1	Maintenance Modem
1	Hardware for installation to the MDF
4	SW0000A RTU/Meridian Base Software
4	SW0010A RTU/ANI Software
4	SW0042A RTU/Coordinated Dialing Plan Software

A complete Software listing of features included in the Meridian Base follows. Please note that the system incorporates Graduated Software pricing.

This package does not include any hardware, software or equipment that is not specifically mentioned above. Examples of equipment that are not included are STU III's, Call Accounting Systems, Personnel Computers, Recorded Announcers for Intercept, Night bells, Headphones, Data devices, etc.

The Meridian Base Software includes:

- Basic
- Advanced Features
- Call Detail Records List
- Recorded Announcement
- Time & Date
- Do Not Disturb
- End-to-End Signaling
- Intercept
- Basic Auto-Route Selection
- Make Set Busy
- 2500 Set Features
- Digital Display
- Office Data Administration System
- Dial Intercom
- Direct Inward System Access
- CDR Charge Account Code
- ARS Traffic/Queuing
- Call Park
- System Speed Call
- Recorded Overflow Announcer
- Music Package
- Basic Message Center
- Auto Handsfree Answerback
- Group Call
- CDR Forced Charge Account
- History File
- Stored Number Redial
- Flexible Hotline
- Deluxe Hold
- Auto Line Selection
- Distinctive Ringing
- PBX Interface
- Departmental DN
- Station Category Indicator
- Controlled Class of Service
- Meridian Digital Telephone
- Meridian M3000 Telephone
- Last Number Redial
- Meridian M2317 Telephone
- Call Party Name Display
- Meridian Call Trace
- Internal CDR
- Directed Call Pickup
- Enhanced Music
- Remote Call Forward/Flexible Features Code
- M2250 Console
- Centrex Switch Hook Flash
- Modular Meridian Terminals
- Enhanced Controlled Class of Service
- Superloop
- Conference/TDS
- Superloop Administration
- Automatic Set Relocation
- Attendant Administration
- New Flexible Code Restriction
- Authorization Code
- S00 Set Features

Notes:

1. Meridian Manager Station Administration software is included at no charge with the purchase of a new system sale, but under separate code - SW1001A - see PC Terminal Software Section

2. Requires SW0201A Basic ACD (ACD A) for Message Center functionality.

3. If DTI or PRA application is utilized, QPC471B vintage or later is required.

C. STATEMENT OF WORK

This package includes the installation of the Meridian 1 PBX described above to the MDF. This installation includes Assembly and Engineering of Meridian 1, Collection of Database, Programming of Meridian 1, Construction of PBX MDF, Cross Connecting the PBX MDF to the Riser MDF, and Designate, Set and Test of all telephones included above. System training is included for 388 end users

The Riser MDF, all Station and Riser Cable, Cable records and Telephone Company Coordination will be provided by Bell Atlanticom.

D. TERMS AND CONDITIONS

This package has been prepared assuming all standard Terms and Conditions apply, as described in the attached Purchase Agreement. Those items that should be noted:

E. WARRANTY

This package includes the standard one year warranty according to the terms and conditions of the attached Purchase Agreement.

F. SERVICE

This package includes the standard Service Response times of 2 hour Response for emergency's and 24 hour-next business day Response for routine repairs as described in the attached Purchase Agreement.

G. ACCEPTANCE

This package is based on standard acceptance procedures as described in Section M.

H. INTERFACE WITH PUBLIC TELEPHONE SYSTEMS

Bell Atlanticom shall negotiate with the C&P Telephone Company, other common carriers, interconnect companies, etc., for the connection to disconnection from, or other interfaces as may be required in regard to new equipment, unless otherwise noted, after receiving a signed letter of agency.

I. NEW EQUIPMENT

All telephone equipment offered shall be new, unused equipment of the latest model of the manufacturer's current production.

BASI shall certify that replacement parts and components for all systems/equipment offered shall be commercially available for at least ten (10) years from date of contract.

J. UNDERGROUND CABLES

BASI shall insure that there is adequate surge and lightning protection throughout the system.

K. MAINWAVE MAINTENANCE CENTER

BASI shall insure that all installations follow the Bell System specifications, Northern Telecom specifications, NEC codes, and all state and local codes

The focal point for Bell Atlanticom's installation, service and repair of our products is the Mainwave Maintenance Center (MMC). This center is located in New Jersey. The technical personnel located at the MMC act as intermediaries for the Bell Atlanticom Field Sales Force. Technical personnel interface with Project Managers, Field Engineers, Contractors, Customer Relations Representatives, Sales Engineers, Software Support, Materials Management and Purchase personnel.

The goal of the Mainwave Maintenance Center is to continually improve service to our customers. Our center offers the following services:

- Round-the-clock availability
- On-line full duplex link to field switching systems
  - Remote diagnostic capabilities
  - Remote software changes
- Field service parts center
- Sales and training support
- Hardware and software engineering support
- On-site technical support
- Manufacturer interface

We control and track customer problems via the MMC. When a customer has a technical problem, the MMC notifies our local office to dispatch our service force to the site. If the local field engineers cannot resolve the trouble condition, the MMC escalates the problem to the manufacturer.

This centralized control provides Bell Atlanticom with the capability to analyze and document service problems and response times. This way, Bell Atlanticom can focus on constantly improving our service to better meet our customers' needs.

For our customers' convenience, the Mainwave Maintenance Center can be contracted 24 hours per day, seven days per week. Bell Atlanticom is aware of the importance of a dependable, fully functional system to our customers, and we make every effort to ensure customer satisfaction.

Through the Mainwave Maintenance Center we also have the ability to run traffic reports on selected systems. This is done routinely one month after system cutover. Arrangements can also be made to run additional reports.

Perhaps, most importantly of all, the MMC is the customer's single point of contact, not only for system concerns, but also for any CPE and network problems. This service is performed with a Letter of Agency, and applies during the installation and initial warranty period. Customers who call into the MMC with a "service problem" won't have to be familiar with the intricacies of "who handles what, and where is the problem?" The MMC will diagnose the problem, determine the source of the problem and then get it fixed. If the problem is network related, the MMC will report it for the customer and provide follow-up, ensuring problem correction. The MMC will then report back to the customer when it's fixed.

Remote Maintenance

For all system problems, our customers can call (toll-free) into the Mainwave Maintenance Center (MMC) in New Jersey. Our computerized remote diagnostics enable our Software Support Technicians to scan most systems on a continuous basis, access the system without delay, and in many cases, without the slightest interruption to service.

Bell Atlanticom MMC technicians also perform software modifications and analysis associated with information system maintenance. Many software changes can be made remotely to adapt Bell Atlanticom systems to the customer's changing needs (beyond those possible with the Customer Programmability Features incorporated into many Bell Atlanticom systems).

Response Times

Should any of our customers experience a major system failure, we will be on site and will begin repairs in an average of hours. For minor system failures, we will arrive at the site and begin repairs (on the average) by the end of the next business day. These response times are based on normal business hours, 8:30 a.m. to 5:00 p.m., Monday through Friday. Bell Atlanticom realizes that each of our customers has a unique operation, and we have developed several maintenance packages that can be modified and tailored to meet each individual maintenance need. These maintenance packages (such as a two hour response time) are available upon request, for additional charge.

WARRANTY

BASI shall provide a one (1) year warranty from the date of final acceptance on all items against defects in workmanship and materials for repair or normal maintenance under the warranty period shall be provided by the Contract at no expense to the Office of National Drug Control Policy. Response and response time during the warranty period shall be the same as under the Maintenance contract as described in Section F.

You forfeit all warranty coverage if you:

a. Fail to follow applicable installation, operation, maintenance or environmental instructions;

b. Alter, modify or repair the PBX without Bell Atlanticom's written consent, or

c. Abuse, misuse, or damage the system.

Warranty coverage does not extend to products damaged by acts or events beyond Bell Atlanticom's reasonable control, including power failure or surges.

The warranty period for the PBX is one year. This warranty is exclusive and non-transferable. Bell Atlanticom specifically disclaims implied warranties, warranties, warranties of merchantability and warranties of fitness for a particular purpose. Repair or replacement is your sole remedy for non-working products.

H. BELL ATLANTICOM RESPONSIBILITIES

1. The procurement, shipment, storage, and installation of all equipment and cable distribution materials required to provide a complete operational telephone system as prescribed in this document.

2. The technical acceptability and compatibility of all equipment with local telephone company system.

3. Providing the Telephone Company with information required for ordering interface devices for CO trunks, access lines, and other required trunk or access interface devices.

4. Expeditiously clearing all system troubles, identified and reported, and those deficiencies identified through routine service maintenance for the term of the contract.

5. Obtaining any and all required licenses.

6. Complying with all local building and fire codes.

7. Pecuniary liability for any and all damages done to the buildings and equipment, caused by the installation of the telephone system.

8. Providing, without cost, consulting services for the users of the system as may be required. These services shall include assistance in meeting user requirements and require telecommunications equipment, station arrangements, attendant console training, user's seminars on system features, assistance in preparation of user's telephone directories or other requirements or services as may be required.

9. Providing subsequent to contract award, but prior to start of system installation, a detailed system design plan covering the proposed telephone system. As a minimum, the system design plan shall cover all common switching components, main station lines, circuits, cable distribution system, typical station wiring and attendant console service. The installation plan shall include a detailed project milestone chart.

N. OFFICE OF NATIONAL DRUG CONTROL RESPONSIBILITIES

1. Providing all required space for the EPABX switchroom, console room, with sufficient floor loading, door and ceiling heights and door widths.

2. Providing ambient temperature and relative humidity ranges, air conditioning and heating requirements.

3. Providing access to the station/power ground source.

4. Providing a dedicated AC power feed, for operation of the telephone system.

5. Providing an AC power feed and connection, for operation of the air conditioning units independent of the telephone system dedicated power feed.

6. Paying the cost of the local telephone company provided facilities.

7. Paying the local telephone company for the required interface units, only if the FCC registration program is not in effect.

8. Providing adequate fire fighting apparatus/system (such as Halon, CO-2, etc. or equivalent) at all times.

9. Security of the EPABX switchrooms and IDF closets.

O. TYPICAL INSTALLATION TASKS ACTIVITY DESCRIPTION

1. Contract Award
2. Requirement Reviews
3. Detailed Site Survey
4. Letter of Intent to Manufacturer
5. Switchroom design
6. Switchroom prepared
7. Cable plant designed or identified is re-used
8. Order MDF switch test
9. Begin database collections
10. Verify framing facilities
11. Verify power requirements and test
12. Acceptance Test
13. Final switch configurations to Manufacturer
14. Database translated
15. Database freeze
16. Switch design freeze
17. Pre-ship ready review
18. Switch delivered and staged
19. Inventory switch and equipment and match Purchase Order
20. Install switch
    1) Intercabinet cables installed
    2) Switch cables to MDF
    3) Run cables for 4W E&M COM trunks
    4) Run power after verification to switch
    5) Connect power

21. Run cross-connects

22. Establish trouble charts

23. Performance test

24. Cutover plan

25. Cutover

26. Acceptance begins

27. Phase over to O&M stage

P. UNIVERSAL WIRING

Bell Atlantic will install two 4-pair, 24 AWG, plenum, unshielded cables to each of the 189 locations on the 6th, 7th and 8th floors as designated by customer provided floor plans. All cables will be home run to Room 601G. The cables on the 7th and 8th floors will pass through corenoles in each telephone room to the 6th floor. The cables will terminate on AT&T 110 blocks in Room 601G. At the office locations, the cables will terminate on a single gang faceplate with four RJ-45 8-position jacks. Two pair will terminate on each of the 8-position jacks.

Q. CLARIFICATIONS

- Customer to provide access to facilities at mutually agreed upon hours.
- All conduit and corehole penetrations to the fixed structure to be provided by others.
- Price is guaranteed for 90 days.
- Price is based on standard construction consisting of drop tile ceilings and hollow drywall walls.
- Bell Atlanticom's Information Transport Engineering and Construction division (ITEC) will provide all labor, management, and material for a completed cabling system, as previously described. All material will be new and of first quality, meeting all electrical, fire, state, national, or local codes. All work performed by ITEC or its agents will be to Bell System or industry standards. ITEC will provide documentation of all cabling provided, i.e., as-builts, subsystem drawings, test results of cable for opens, shorts, grounds, crosses, continuity, and polarity. All jack

locations will be clearly and legibly numbered in a mutually agreed upon sequence. The end terminations will be marked in an equal manner. All material and workmanship will be guaranteed for one year from completion. Period of performance will commence with a signed contract, work to be performed commensurate with other trades and your construction schedule to completion.

System Prices

Meridian 1 - System 21

System Price	Installation w/One Year Warranty	Station Wiring	Total Price
$114,245	$46,103	$34,081	$194,429

Meridian 1 - System 61

$146,746	$46,103	$34,081	$226,949

C&P Tariff Prices

The following tariff prices apply for the Direct Inward and Direct Outward Dialing Trunks. These trunks will be provisioned over three (3) DSI facilities which will directly interface into the Meridian 1 PBX. Spare capacity will be available for the anticipated trunk requirements for: FTS-2000 (10); tie-lines to DMS-100 (5); alternate route CO back-up lines (10). This configuration will allow growth for 9 additional trunks. The charges are estimated based on your initial forcasted requirements.

Service	Qty.	Monthly Recurring	Installation Charge
DID Trunks	22	$ 309.54	$1,789.70
DOD Trunks	16	225.12	480.00
CO Lines	10	140.70	300.00
Tie-Lines	5	600.00	500.00
DID Station Lines	50	58.86	740.00
DSI Links	3	1,030.00	5,700.00
Total Tariff Charges		$2,374.22	$9,509.70

OFFICE OF NATIONAL DRUG CONTROL POLICY
EXECUTIVE OFFICE OF THE PRESIDENT
Washington, D.C. 20500

JUL 9 1990

MEMORANDUM FOR: Jim Baugner

FROM: Rick Rineer

SUBJECT: Justification for Bell Atlantic PBX

1. The current telephone support we receive from the local Central Office is inadequate for the mission of the ONDCP. To this end we are going to require a Private Branch Exchange (PBX) at our new location to reduce our cost, provide better service and increase the productivity associated with our telephone service to the offices of ONDCP.

2. We will be purchasing a Northern Telecom, Meridian 1, Communications System. This system was selected because it provides the latest in support technologies and advanced networking features. This system also in fully compatible and easily integrated with the DMS-100 Centrex system that serves the White House and the Executive Office of the President and provides easy access to tie-lines and FTS-2000.

3. With this switch a universal wiring plan will be deployed to provide connectivity between the three floors that will house our offices. This wiring plan will support our current and future needs for voice, data, facsimile, and STU-III terminals.

4. The switch will also include the Meridian digital telephone desk sets. Of the 170 instruments, 30 are TSG Type-Accepted units, which provide positive disconnect for use in our secure areas.

5. It is expected that our PBX will be operating as a forward processing cell off of the White House DMS-100 Switch. Because the same Bell Atlantic/Northern Telecom Team which provides support to the White House we be installing our PBX, we will be able to facilitate a quicker installation (procurement), reduced cost (initial cost, billing, and maintenance), and satisfy our immediate and pending communications needs.

6. This is the only option we have in securing a phone system before our move to the new location. If we must go with temporary service we will incur a connect/disconnect charge, installation/deinstallation charge and a much higher monthly cost. The first month with non-recurring cost is expected to be $68000.00 and each additional month is expected to cost approximately $13000.00.

THE ELECTRONIC REQUISITION SYSTEM - D
REQUISITION PROCESSING ENTRY

REQ. NUMBER: RDC868 AGENCY: ONDC/42 USERID: OBAPL05
FISCAL YEAR: FY-90 UPDATED: 900710
SUGGESTED SOURCES:
BELL ATLANTIC
1100 WAYNE AVENUE
6TH FLOOR
SILVER SPRING, MD 20910
PHONE: (202) 392-0899
ATTN: JERRY STARKEY

ISSUING OFFICE:
SARA BASS
EOP/ONDCP
WASHINGTON, D.C. 20500

SHIP TO:
EOPOA WAREHOUSE, WASHINGTON NAVY YARD
BLDG 159, 3RD AND M STREET, S.E.

REQUISITION NUMBER: RDC868 REQ STATUS:
DOCUMENT NUMBER: AMENDMENT NUMBER:

B* A ()

THE ELECTRONIC REQUISITION SYSTEM - D1

REQ. NUMBER: RDC868 REQUISITION PROCESSING CONT.

NO	CC	DESCRIPTION OF SUPPLY/SERVICE	DIV	PRJ	QTY	UNIT	UNIT PRICE	AMOUNT
01	96	PURCHASE OF TELEPHONE SYSTEM TO			1	LOT	194,429.00	194,429.00
		MERIDIAN 1, SYSTEM 21, PBX						
		PER ATTACHED PROPOSAL AND						
		JUSTIFICATION						
02		PRICE INCLUDES PURCHASE,						
		INSTALLATION, WIRING, AND						
		INTERFACE						
03	00	CONTACT RICK RINEER OR JIM						
		BAUGHER WITH ANY QUESTIONS AT						
		673-2639						

FUNCTION _ (A - ACCEPT, M - MORE, P - PREV, N - NEXT, Q - QUIT) $ 194,429.00

B*

QUESTIONS SUBMITTED BY MR. LIGHTFOOT

QUESTIONS FOR THE OFFICE OF NATIONAL DRUG CONTROL POLICY
REGARDING
STAFFING AND THE RECENT REDUCTION-IN-FORCE (RIF)

QUESTION

How many ONDCP employees (persons, not positions) lost their jobs as a result of the Reduction In Force (RIF) that went into effect on September 30, 1993?

ANSWER

The number of ONDCP employees that were RIFed was twenty-nine.

QUESTIONS SUBMITTED BY MR. LIGHTFOOT

QUESTIONS FOR THE OFFICE OF NATIONAL DRUG CONTROL POLICY REGARDING STAFFING AND THE RECENT REDUCTION-IN-FORCE (RIF)

QUESTION

How many of those were career employees?

ANSWER

Twenty-three were career, GS employees. Another two had Career SES appointments, and were RIFed under the rules applicable to such employees.

QUESTIONS SUBMITTED BY MR. LIGHTFOOT

QUESTIONS FOR THE OFFICE OF NATIONAL DRUG CONTROL POLICY REGARDING STAFFING AND THE RECENT REDUCTION-IN-FORCE (RIF)

QUESTION

How many were assisted in finding other jobs?

ANSWER

Two full-time outplacement counselors were made available to provide assistance. All who requested assistance were provided assistance.

QUESTIONS SUBMITTED BY MR. LIGHTFOOT

QUESTIONS FOR THE OFFICE OF NATIONAL DRUG CONTROL POLICY REGARDING STAFFING AND THE RECENT REDUCTION-IN-FORCE (RIF)

QUESTION

How many have been placed in jobs in other Government agencies?

ANSWER

Eighteen (62% of those who were impacted) have been placed in the federal government.

QUESTIONS SUBMITTED BY MR. LIGHTFOOT

QUESTIONS FOR THE OFFICE OF NATIONAL DRUG CONTROL POLICY REGARDING STAFFING AND THE RECENT REDUCTION-IN-FORCE (RIF)

QUESTION

A. Have you hired replacements for any of these former employees?

B. If yes, what is the authority for hiring a person to perform the same job as that previously performed by a RIFed career employee?

ANSWER

No, However, we have recently posted a vacancy announcement to recruit a secretary GS-8 and 9. There was only one secretary who had been RIFed from ONDCP who was available for reemployment, and she was rehired. Had any of the other secretaries been available, they would have been offered positions prior to recruiting for other candidates.

Except as described above, none of the abolished positions have been reestablished.

QUESTIONS SUBMITTED BY MR. LIGHTFOOT

QUESTIONS FOR THE OFFICE OF NATIONAL DRUG CONTROL POLICY
REGARDING
STAFFING AND THE RECENT REDUCTION-IN-FORCE (RIF)

QUESTION

A. Is it true you have contracted with commercial sources for clerical support staff to replace those who were RIFed?

B. How many of commercial temporaries now work at ONDCP?

C. Under the regulations governing RIFs, is it permissible to RIF career employees and immediately replace them with contractor provided staff? (Please cite the Office of Personnel Management (OPM) regulation that permits this procedure.)

ANSWER

A. No. Contract personnel were used for temporary assignment and did not replace employees who were RIFed. ONDCP does contract with BPA Computer Temps INC. for clerical support.

B. There are currently three commercial temps at ONDCP.

C. The regulations governing RIFs do not address contractor provided staff and the regulations governing temporary help firms do not address RIFs. We have not utilized contractor staff to "replace" those employees who were separated through RIF.

QUESTIONS SUBMITTED BY MR. LIGHTFOOT

QUESTIONS FOR THE OFFICE OF NATIONAL DRUG CONTROL POLICY
REGARDING
STAFFING AND THE RECENT REDUCTION-IN-FORCE (RIF)

QUESTION

Is it true that you have replaced the RIFed employees with persons who are employed by other agencies (detailees, assignees, etc.) and with unpaid volunteers?

ANSWER

No. Detailees, assignees and unpaid volunteers do not permanently take the place of ONDCP employees.

QUESTIONS SUBMITTED BY MR. LIGHTFOOT

QUESTIONS FOR THE OFFICE OF NATIONAL DRUG CONTROL POLICY
REGARDING
STAFFING AND THE RECENT REDUCTION-IN-FORCE (RIF)

QUESTION

How many of the other agency personnel working at ONDCP were hired by the Government since January 20, 1993?

ANSWER

There have been no other agency personnel working at ONDCP who have been hired by the Government since January 20, 1993.

QUESTIONS SUBMITTED BY MR. LIGHTFOOT

QUESTIONS FOR THE OFFICE OF NATIONAL DRUG CONTROL POLICY
REGARDING
STAFFING AND THE RECENT REDUCTION-IN-FORCE (RIF)

QUESTION

Under the regulations governing RIFs, is it permissible to replace career government employees with detailees or assignees from other government agencies or with unpaid volunteers? (Please cite the OPM regulation that authorizes this procedure.)

ANSWER

The regulations governing RIFs do not deal with detailees, assignees, or unpaid volunteers. Section 601 of 31 U.S.C. 1535 allows agencies to detail employees to positions in other agencies for any legitimate management purpose, for example, to handle unexpected workload or special projects. 5 U.S.C. Part 308 allows agencies to accept unpaid volunteer services only from students as part of a program to provide educational experience.

QUESTIONS SUBMITTED BY MR. LIGHTFOOT

QUESTIONS FOR THE OFFICE OF NATIONAL DRUG CONTROL POLICY REGARDING STAFFING AND THE RECENT REDUCTION-IN-FORCE (RIF)

QUESTION

How many of the current ONDCP employees were on the ONDCP payroll on January 21, 1993?

ANSWER

Fifteen.

QUESTIONS SUBMITTED BY MR. LIGHTFOOT

QUESTIONS FOR THE OFFICE OF NATIONAL DRUG CONTROL POLICY REGARDING STAFFING AND THE RECENT REDUCTION-IN-FORCE (RIF)

QUESTION

Will the former career employees who were RIFed have preference rights to the positions that may be added to ONDCP? (If not, please cite the OPM regulation that would permit the denial of this right.)

ANSWER

Former career and excepted service employee of ONDCP have preference for reemployment within the Executive Office of the President through the EOP Reemployment Priority List (Career Employees and the Priority Reemployment List)(Excepted Service Employees).

These priority referral lists were established consistent with Federal Personnel Manual Chapter 330, Subchapter 1 and Federal Personnel Manual Chapter 213, Subchapter 3 respectively.

QUESTIONS SUBMITTED BY MR. LIGHTFOOT

QUESTIONS FOR THE OFFICE OF NATIONAL DRUG CONTROL POLICY REGARDING STAFFING AND THE RECENT REDUCTION-IN-FORCE (RIF)

QUESTION

How many of the current ONDCP staff are political appointees (e.g. Schedule C, Non-career SES, etc.)?

ANSWER

Presidential appointees - 1
Schedule C employees - 3

QUESTIONS SUBMITTED BY MR. LIGHTFOOT

QUESTIONS FOR THE OFFICE OF NATIONAL DRUG CONTROL POLICY REGARDING STAFFING AND THE RECENT REDUCTION-IN-FORCE (RIF)

QUESTION

Are any of the RIFed personnel currently working at ONDCP? If so, were they re-employed? How was this done? If not, what kind of arrangement is in place that would permit RIFed employees to continue to work in the agency?

ANSWER

One employee separated by the RIF is currently reemployed at ONDCP.

One other employee separated by the RIF was reemployed through the Reemployment Priority List. He has since accepted a position with another federal agency.

QUESTIONS SUBMITTED BY MR. LIGHTFOOT

QUESTIONS FOR THE OFFICE OF NATIONAL DRUG CONTROL POLICY
REGARDING
STAFFING AND THE RECENT REDUCTION-IN-FORCE (RIF)

QUESTION

What was the total cost of the RIF? How much was paid out in severance to Riffed employees?

ANSWER

See attachment.

ONDCP
EARNINGS AND BENEFITS REPORT
SEVERANCE

NAME	SEVERANCE AMOUNT	SEVERANCE FICA	SEVERANCE MEDICARE	LUMP SUM AMOUNT	LUMP SUM FICA	LUMP SUM MEDICARE
TENAGLIA, BARBARA	$12,529.44	$0.00	$181.68	$9,064.86	$0.00	$131.44
JONES, HERBERT	$2,577.60	$159.81	$37.38	$0.00	$0.00	$0.00
DIMENZA, SALVATORE	$30,797.55	$43.91	$446.56	$1,859.78	$115.31	$26.97
BRUCE, LISA	$6,739.00	$0.00	$97.72	$175.80	$0.00	$2.55
SIMINESCH, CAMELIA	$3,898.40	$241.70	$56.53	$1,789.72	$110.96	$25.95
PICOULT, FRANCINE	$1,633.92	$0.00	$23.69	$11,709.76	$0.00	$169.79
WINFIELD, MARION	$26,029.20	$0.00	$377.42	$9,910.20	$0.00	$143.70
CUMMINGS, GREGOR	$3,557.84	$0.00	$51.59	$3,557.84	$0.00	$51.59
SCHILDHAUS, SAM	$19,032.46	$99.61	$275.97	$0.00	$0.00	$0.00
OGLES, JEANETTE	$767.04	$0.00	$11.12	$5,129.58	$0.00	$0.00
TOTAL	$107,562.45	$545.03	$1,559.66	$43,197.54	$226.27	$551.99

QUESTIONS SUBMITTED BY MR. LIGHTFOOT

QUESTIONS FOR THE OFFICE OF NATIONAL DRUG CONTROL POLICY REGARDING STAFFING AND THE RECENT REDUCTION-IN-FORCE (RIF)

QUESTION

How many positions, including yours, are PAS? What are those positions? How many were filled and when? How many remain open? Why has it been so difficult to find people to accept these jobs?

ANSWER

There are currently 4 PAS positions. These positions are Director, Deputy Director for Supply Reduction and Demand Reduction, and Associate Director of State and Local Affairs.

One PAS (Director) has been filled as of June 1993. Two PAS positions (Deputy Director for Supply Reduction and Associate Director of State and Local Affairs) have been selected and awaiting confirmation. One PAS position remains vacant, but is now going through the clearance process for filling.

ONDCP has selected high level individuals with significant experience to help develop and implement this Administration' drug strategy policies. ONDCP will continue to recruit qualified personnel.

QUESTIONS SUBMITTED BY MR. LIGHTFOOT

QUESTIONS FOR THE OFFICE OF NATIONAL DRUG CONTROL POLICY REGARDING STAFFING AND THE RECENT REDUCTION-IN-FORCE (RIF)

QUESTION

You seem to be on the road a lot. How are you able, with less staff and no deputies on board to coordinate the many issues that are required of a successful drug strategy?

ANSWER

The staff shortage does create some problems, but the drug control Departments and agencies are being very cooperative, and this makes coordination an easier task than it may have been in the past. I am hopeful that the key staff positions now vacant will be filled and the deputies will be on board soon. We are working with the proper Administration points of contact on that now.

QUESTIONS SUBMITTED BY MR. LIGHTFOOT

STAFFING AND THE RECENT REDUCTION-IN-FORCE (RIF)

QUESTION

With regard to your lack of reauthorization, do you believe that the lack of any strong effort on the part of the Administration to have your office reauthorized has made it more difficult for you to implement the strategy?

ANSWER

- There has been a strong effort by the Clinton Administration to reauthorize ONDCP. The Administration strongly supports reauthorization of ONDCP and has proposed legislation to the Congress to accomplish this. Different versions of ONDCP's reauthorization passed both houses of Congress at the end of the last session. These actions are clear evidence of Congressional intent that the work of the office go forward while the details of reauthorization are worked out between the House and Senate.

- In addition, the President has issued Executive Order 12288 (November 16, 1993) to strengthen ONDCP's existing authority, especially in the area of the budget development process. This allows ONDCP greater flexibility in identifying needed resources and drug policy priorities during the certification process for Federal agency drug control budgets to implement the strategy.

QUESTIONS SUBMITTED BY MR. LIGHTFOOT

STAFFING AND REDUCTION-IN-FORCE (RIF)

QUESTION

How many Members of Congress have you met with to further the reauthorization of your office? Why do you believe your office should be reauthorized?

ANSWER

- Dr. Brown has met with the Chairman and Ranking Minority member and other members of the two relevant authorizing committees; the Senate Judiciary Committee and the House Government Operations Committee, to discuss the issue of reauthorization.

- In addition, Dr. Brown has appeared at hearings on this subject before both House and Senate Committees. Specific legislation to reauthorize ONDCP has passed both the House and the Senate.

- The Administration strongly suports reauthorization of the office. As Congress has repeatedly indicated, and as has been supported by an independent study by the GAO, there is a continuing need for a central drug policy planning office within the Executive Branch.

QUESTIONS SUBMITTED BY MR. LIGHTFOOT

QUESTIONS FOR THE OFFICE OF NATIONAL DRUG CONTROL POLICY
REGARDING
STAFFING AND THE RECENT REDUCTION-IN-FORCE (RIF)

QUESTION

Your agency is responsible for coordinating drug policy with no less than 36 departments and agencies. Given the wide reach of control you have, effective coordination is central to implementation of the strategy. How have you been able to do that without your deputies in place?

ANSWER

We have relied on our current staff, whom have proven highly capable and more than willing to do what is necessary in terms of time and effort to coordinate both the development and the beginning stages of implementation of the Strategy. We also rely on the cooperation of key staff of the drug control Departments and agencies, and these individuals have been most helpful.

QUESTIONS SUBMITTED BY MR. LIGHTFOOT

QUESTIONS FOR THE OFFICE OF NATIONAL DRUG CONTROL POLICY REGARDING STAFFING AND THE RECENT REDUCTION-IN-FORCE (RIF)

QUESTION

Did Surgeon General Elders, out of courtesy, share her legalization statements with your office? Did the Aid's Czar ask you about needle exchange policy prior to her statement two weeks ago? What is your position on needle exchange? How does the President feel about this? What is your position on legalization? What is the President's?

ANSWER

Legalization

- Surgeon General Elders made her remarks on legalization in response to a question at a press conference. Her remarks on this subject reflect her own views, and not the views of the Administration.

- It is the views of this Administration that drug use itself -- in particular, hard-core use, which causes the most damaging consequences -- must be reduced. To this end, legal prohibition supports drug prevention in our schools and workplaces, and the efforts of communities to keep drugs off the streets.

- Legal prohibition has been instrumental in helping to reduce the casual use of illegal drugs that has taken place during the past decade, and in limiting the spread of hard-core drug use.
- For these reasons, President Clinton stated in his introduction to the National Drug Control Strategy that this Administration will never consider the legalization of illicit drugs. In his view, and mine, this is the only responsible position to take.

Needle Exchange

- ONDCP had contact with the Office of the National AIDS Policy Coordinator (ONAPC), and was informed that the popular press accounts overstated the position of that office regarding needle exchange.

- ONDCP can find no compelling reason to recommend that the Administration depart from existing Federal policy regarding needle exchange.

- o The CDC-funded study, "The Public Health Impact of Needle Exchange Programs in the United States and Abroad," represents the most extensive study to date and is now under review within the Department of Health and Human Services. This study presents a review and summary of existing research through late 1993.

  -- The CDC report concludes, in part, "These studies do not...provide clear evidence that NEPs decrease HIV infection rates." (at pages v and 465)

- o This specific question has not been discussed with the President; however, needle exchange programs, like all programs geared to drug demand reduction and HIV/AIDS reduction, must be assessed in terms of their actual performance.

QUESTIONS SUBMITTED BY MR. LIGHTFOOT

QUESTIONS FOR THE OFFICE OF NATIONAL DRUG CONTROL POLICY REGARDING STAFFING AND THE RECENT REDUCTION-IN-FORCE (RIF)

QUESTION

With regard to your review of drug agency budgets, how many budgets did you decertify? How many were threatened with decertification? How many issues needed to be resolved by the President?

ANSWER

- During the FY 1995 budget process, two sets of certifications were conducted: Summer certifications; and Fall certifications.

- During the Summer reviews, the HHS budget was deemed "not adequate" due to an inadequate level of treatment resources requested.

- Additionally, as a part of the Fall certification process and in response to problems noted with their submission, we prepared a draft decertification letter for DHHS and entered into negotiations to resolve the issues. This process led to a successful resolution.

- While the Department of Labor did not submit a detailed budget justification, the level of resources it initially requested were also inadequate. However, through discussions that ONDCP had with the Department, this issue was brought to resolve and the Department agreed to reexamine its resources dedicated to the drug effort. This resulted in a realistic estimate of drug users served by the Department's JTPA program.

- During the FY 1995 budget meetings the Director had with the President, he raised the issue of inadequate treatment funding in the HHS budget and requested additional funding for the treatment of hardcore drug users.

QUESTIONS SUBMITTED BY MR. LIGHTFOOT

QUESTIONS FOR THE OFFICE OF NATIONAL DRUG CONTROL POLICY REGARDING STAFFING AND THE RECENT REDUCTION-IN-FORCE (RIF)

QUESTION

Since this is arguably the Administration's first drug control strategy. How would you characterize the approach you have taken. In other words, is this a continuation of the Bush Strategies, a bold departure, different priorities?

ANSWER

The 1993 Interim Strategy and the 1994 National Drug Control Strategy are bold departures from past strategies and, so, have considerably different priorities. The most important are the focus on treatment, especially for chronic, hardcore drug users, and the "controlled shift" in interdiction emphasis to the source countries and away from the transit zones.

QUESTIONS SUBMITTED BY MR. LIGHTFOOT

ONDCP OPERATING EXPENSES

QUESTION

Dr. Brown, according to an article published in last week's American Spectator magazine, ONDCP is now spending approximately $2 million a year for your personal protection. Can you tell me the basis of authority for your security retinue and protection measures?

ANSWER

As a general rule, appropriated funds are available for necessary expenses to carry out the purposes of such appropriations. Even if such expenses are not specifically enumerated, an agency may use appropriated funds to protect a Government official. This applies even if such services are not specifically provided for by statute. According to the Comptroller General:

> We would agree that, in general, if a Government official were threatened or there were other indications that he was in danger, and if it were administratively determined that the risk were such as to impair his ability to carry out his duties, and hence to affect adversely the efficient functioning of his agency, then funds of his agency, the use of which was not otherwise restricted, might be available to protect him, without specific statutory authority.(54 comp. Gen. 624 (Docket No. B-149372, January 28, 1975).

The DEA determined that "it has been our experience over the years that those individuals involved with narcotic law enforcement face a constant and ever-increasing threat from drug cartels" The Director "is in very high provide drug policy position and is subject to receive the same kind of threats experienced by our agents." In addition, I am following the convention established by previous Directors of this office.

QUESTIONS SUBMITTED BY MR. LIGHTFOOT

QUESTIONS FOR THE OFFICE OF NATIONAL DRUG CONTROL POLICY
REGARDING
STAFFING AND THE RECENT REDUCTION-IN-FORCE (RIF)

QUESTION

Under the President's budget, how many new Federal Officers will be hired in FY 95?

ANSWER

- In total, 426 additional Agents will be hired in FY 95. This level takes into account both reductions and additional resources for DEA, FBI, INS, USMS, and reimbursable Agents in OCDETF.

QUESTIONS SUBMITTED BY MR. LIGHTFOOT

QUESTIONS FOR THE OFFICE OF NATIONAL DRUG CONTROL POLICY REGARDING STAFFING AND THE RECENT REDUCTION-IN-FORCE (RIF)

QUESTION

It appears that the DEA budget has been decreased. Was a request for less DEA funding a recommendation you made to the President?

ANSWER

- The DEA budget request for FY 1995 is $723.7 million, a decrease of $2.3 million from the FY 1994 level.
- This decrease is principally associated with the effects of absorbing the 1994 and 1995 locality pay increases and the mandated FTE reductions associated with the Presidential Executive Order to reduce the Federal Government by 100,000 positions.
- During the 1995 funding discussions between the Director of ONDCP and the President, the decrease of the DEA funding was not discussed.

QUESTIONS SUBMITTED BY MR. LIGHTFOOT

QUESTIONS FROM HOYER

QUESTIONS FOR THE OFFICE OF NATIONAL DRUG CONTROL POLICY
REGARDING
STAFFING AND THE RECENT REDUCTION-IN-FORCE (RIF)

QUESTION

Would you tell us how the State Department is coordinating the international drug programs. For instance, who is responsible for the day to day management of the State Department anti-drug programs? It is my understanding the Administration attempt to place the drug control programs with the same person who handles oceans and populations policy and our counter terrorism programs. Is this true? Was your office notified about this lower prioritizing of the drug issue? Did you sign off on the proposed merger?

ANSWER

The Assistant Secretary for International Narcotics Matters (INM) chairs the Counternarcotics Interagency Working Group which coordinates the implementation of overseas programs. He is also the principal coordinator for counternarcotics matters within the State Department. In the near future, State will establish a new bureau that combines the clearly over-lapping responsibilities of narcotics, counterrorism and crime. Our concerns of a possible lower priority for counternarcotics have been off-set by appointment of a very strong Assistant Secretary to head this new bureau. We were informally briefed on this re-organization, and did not oppose it. We believe that there are sufficient resources int eh new bureau to fulfill State's counter-drug responsibilities.

QUESTIONS SUBMITTED BY CONGRESSMAN WOLF

PERSONNEL ISSUES

QUESTION

Jose Cerda is listed in the White House phone book as your Executive Assistant and A Senior Policy Analyst in the Office of Policy Development. Which is correct?

ANSWER

Jose Cerda is my special assistant and staff representative to the White House Domestic Policy Council (DPC). He works closely with the White House policy offices and focuses primarily on the Administration's overall drug and crime policy. By maintaining such a close working relationship with the DPC, ONDCP can more easily inject itself into the many -- and often overlapping domestic policy initiatives that this Administration has pursued to date.

QUESTIONS SUBMITTED BY CONGRESSMAN WOLF

PERSONNEL ISSUES

QUESTION

If (Jose Cerda) he is at policy development:

Isn't it true that ONDCP pays his salary? What is his rate of pay?

ANSWER

Yes, ONDCP pays his salary at a GS 14 rate.

QUESTIONS SUBMITTED BY CONGRESSMAN WOLF

PERSONNEL ISSUES

QUESTION

How many other persons are paid by ONDCP, but work in other agencies? Why?

ANSWER

None.

QUESTIONS SUBMITTED BY CONGRESSMAN WOLF

PERSONNEL ISSUES

QUESTION

At a time when many people are questioning ONDCP's ability to fulfill its mission due to limited staff resources, what is the rationale for detailing senior level personnel to other offices or agencies?

ANSWER

Mr. Cerda, who serves as my Director of Interagency Operations, functions as my liaison to the Domestic Policy Council at the White House. He is the only person I have given such liaison duties, and, as a liaison, he deals with national issues involving crime, drugs and violence.

QUESTIONS SUBMITTED BY CONGRESSMAN WOLF

PERSONNEL ISSUES

QUESTION

Are there any personnel from other agencies assigned, detailed, or working at ONDCP? Please provide a list showing who they are, where they are from and why they are working at ONDCP.

ANSWER

Because of the interagency nature of ONDCP's mission, we are utilizing "Agency Representatives" to serve on task forces and other projects of mutual interest to ONDCP and the Federal drug program agencies. There are currently 18 Agency Representatives at ONDCP. Below is a listing showing where they are working at ONDCP and where they are from.

Agency Reps by ONDCP Component	Number	Per Cent
Director's Office (Scheduling)	1	5%
Supply Reduction	8	42%
Chief of Staff (Budget)	2	13%
Counter-drug Technology Center	3	17%
Public Affairs	3	17%
Bureau State/Local Affairs (BSLA)	1	5%
Total Agency Representatives	18	100%

Agency Representatives by Contributing Agency	Number	Per Cent
Agriculture	1	5%
CIA	2	13%
Coast Guard	1	5%
Customs	1	5%
DEA	1	5%
DoE	1	5%
DoD	7	42%
DoT	1	5%
HHS	1	5%
State	1	5%
VA	1	5%
Total Agency Representatives	18	100%

Office of National Drug Control Policy

FY 1995 Budget

Salaries and Expenses

Executive Office of The President
February 1994

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF NATIONAL DRUG CONTROL POLICY

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF NATIONAL DRUG CONTROL POLICY

I. MISSION STATEMENT

GENERAL

The Office of National Drug Control Policy (ONDCP) provides the President's primary Executive Branch support for drug policy development and program oversight. The Office advises the President on national and international drug control policies and strategies, and works to ensure the effective coordination of drug programs within the Federal agencies and departments.

Current ONDCP responsibilities include:

- Developing an annual National Drug Control Strategy;
- Developing a consolidated National Drug Control Budget for presentation to the President and the Congress (including budget certifications and quarterly reprogramming reports);
- Certifying the budgets of programs, bureaus, agencies, and Departments;
- Coordinating and overseeing Federal anti-drug policies and programs involving approximately 50 Federal agencies and 12 cabinet Departments and the programs they administer;
- Encouraging private sector and State and local initiatives for drug prevention and control;
- Designating high intensity drug trafficking areas and providing overall policy guidance for the award of grants to State and local law enforcement entities in these areas; and
- Operating a counter-drug technology assessment center to serve as the central counter-drug enforcement research and development center for the Federal Government.

Five years after its creation, ONDCP's authorization expired on November 18, 1993. The Administration has submitted a re-authorization bill for congressional consideration and both the House and Senate approved re-authorization bills before the recent recess.

Consistent with the President's commitment to a more efficient and responsive executive branch, the Administration proposed a restructuring of ONDCP. The restructuring, refocusing ONDCP on policy development and effective coordination of drug programs on par with the new National Economic Council and the Domestic Policy Council, was implemented on October 1, 1993. Fiscal Year 1994 and 1995 staffing levels and departmental functions reflect this renewed focus and the impact of Fiscal Year Conference action on ONDCP's staffing level.

NATIONAL DRUG CONTROL STRATEGY

As currently mandated by law, each annual National Drug Control Strategy must be submitted by February 1 and include:

- Comprehensive, research-based, long-range goals for reducing drug use in the United States;
- A review of State and local drug control activities to ensure that the United States pursues well-coordinated and effective drug control policies at all levels of government;
- A complete list of goals, objectives, and priorities for supply reduction and demand reduction and a description of the balance of resources devoted to supply reduction and demand reduction efforts;
- Private sector initiatives and cooperative efforts between the Federal Government and State and local governments for drug control;
- Three-year projections for program and budget priorities and achievable projections for reducing drug availability and usage, and a complete assessment of budget proposals for each Federal anti-drug program;
- A plan for improving the compatibility of automated information and communication systems to provide Federal agencies with timely and accurate information for the National Drug Control Program;
- Designation (in consultation with the Attorney General, heads of Federal Drug Control program agencies, and Governors) of high intensity drug trafficking areas within the U.S.; and
- A research and development strategy that prioritizes the needs of Federal law enforcement agencies and describes the government's plans to meet those needs.

The law requires that preparation of the Strategy involve consultation with members of Congress, representatives of Federal Departments and agencies, State and local officials throughout the Nation, and private citizens throughout the Nation with expertise in supply reduction and demand reduction. In accordance with the law, a report detailing persons consulted is submitted to the Congress with each National Drug Control Strategy. In conjunction with the change in Administrations, ONDCP published an Interim Strategy in October, 1993, and a full strategy will be released in February, 1994.

NATIONAL DRUG CONTROL BUDGET

ONDCP annually submits to the President and the Congress a consolidated National Drug Control budget. This includes an assessment of how the budget proposal is intended to implement the strategy and whether the funding levels contained in the budget proposal are sufficient to implement such a strategy.

The law requires that the Director develop for each fiscal year a consolidated National Drug Control Program Budget proposal to implement the National Drug Control Strategy. In developing this budget proposal, each National Drug Control program head, agency head, and Department head with responsibilities under the National Drug Control Strategy must transmit the drug control budget request of the program, agency, or Department for review by the Director of ONDCP at the same time as the request is submitted to their superiors (and before submission to the Office of Management and Budget).

The Director of ONDCP reviews each drug control budget request, and certifies in writing as to the adequacy of such request to implement the objectives of the National Drug Control Strategy for the budget year. The Director is also required to maintain records regarding certifications. Program managers and agency/Department heads are apprised of the results of the certification review.

Reprogramming or transfer requests by a drug-control agency of drug control resources greater than $5,000,000 must be approved by the Director, ONDCP, prior to submission to Congress. The Director reports to Congress on a quarterly basis regarding the need for any reprogramming or transfer of appropriated funds for National Drug Control Program activities. Correspondingly, ONDCP must maintain familiarity with the budget issues of each of the 50 Federal drug control agencies as they execute their respective budgets.

II. FY 1995 BUDGET AUTHORITY OVERVIEW
($ in thousands)

	FY 93 Actual	FY 94 Actual	FY 95 Request
Salaries and Expenses Operations	$15,135	$11,687	$10,013
Gifts and Donations	$ 0	$ 0	$ 0
Staffing (FTE)	112	40	40

III. APPROPRIATION LANGUAGE

Salaries and Expenses

For necessary expenses of the Office of National Drug Control Policy; for research activities pursuant to title I of Public Law 100-690; not to exceed $8,000 for official reception and representation expenses; for participation in joint projects or in the provision of services on matters of mutual interest with nonprofit, research, or public organizations or agencies, with or without reimbursement; **[$11,687,000: Provided, That the Office of National Drug Control Policy shall hire and maintain not less than 40 full-time equivalent positions in fiscal year 1994:]** $10,013,000: Provided further, That the Office is authorized to accept, hold, administer, and utilize gifts, both real and personal, for the purpose of aiding or facilitating the work of the Office. (Executive Office Appropriations Act, 1994.)

IV. FY 1995 BUDGET REQUEST

NARRATIVE OVERVIEW -- OPERATIONS

The Fiscal Year 1995 budget request for ONDCP is $10,013,000 and 40 FTE. This represents a decrease of $1,674,000 from the Fiscal Year 1994 level of $11,687,000. No change in staffing is requested.

An amount of $2,387,000 has been non-recurred in Fiscal Year 1995. These funds were approved by the Fiscal Year 1994 Conference and correspond with the monies that would have been needed to support a staffing level of 60 FTE's (i.e. the level contained in the Senate appropriations bill.) Since the actual, level of FTE's approved in the Fiscal Year 1994 appropriation was less, that is 40, the balance of funds is being deducted (non-recurred) from the Fiscal Year 1995 base.

Increases are requested to fund anticipated inflationary and cost of living increases which are necessary to maintain a Current Services Level.

A program increase of $500,000 also is requested to procure the services of the Drugs and Crime Data Center and Clearinghouse (Department of Justice.) Utilizing the capabilities of this Center will enhance the effective dissemination of drug control policy and studies to Federal, State and local policy makers.

Funds for the High Intensity Drug Trafficking Area (HIDTA) program and the Special Forfeiture Fund (SFF) are reflected as Funds Appropriated to the President, Federal Drug Control Programs. ONDCP will continue to provide policy guidance and oversight in both of these areas. Pursuant to the reorganization of ONDCP, the Department of Justice has assumed responsibility for administering HIDTA grants to State and local governments. And the Advanced Research and Programs Agency of the Department of Defense will provide administrative and program support to the Counterdrug Technology Assessment Center (which is funded from the SFF.)

Streamlining Plans

The Office of National Drug Control Policy's staffing level was reduced from 112 Full Time Equivalent (FTE) positions to 40, or 64 percent, in fiscal year 1994. With respect to other goals contained in the President's September 11, 1993 letter on this subject, ONDCP has implemented significant changes in our operation. The organizational structure has been streamlined by eliminating most middle managers and creating a cadre of analysts who work more informally with colleagues and have direct contact with the Director's office. We have also focused on making operations more efficient by transferring functions to those

agencies who have expertise or economies of scale to perform some activities previously conducted by ONDCP. This includes placing a greater reliance on the Office of Administration for administrative support; transferring High Intensity Drug Trafficking Area grants administration to the Department of Justice; and, transferring support for our Counter-drug Technology Assessment Center to the Advanced Research Projects Agency.

Administrative Reduction

Executive Order 12837 requires reductions in administrative expenses of 14 percent from amounts made available in FY 1993. ONDCP's reorganization and its concurrent reduction in staffing levels resulted in a reduction of over 30 percent in the administrative object classes (all non-personnel object classes except GSA rent and equipment) in FY 1994. Exclusive of the program increase being requested in FY 1995, the administrative categories reflect a decrease of approximately 10 percent from amounts appropriated in FY 1994 and a decrease of approximately 37 percent from amounts obligated in FY 1993.

GIFTS AND DONATIONS

The FY 1990 appropriation for Salaries and Expenses established a Gift Account for ONDCP. The Gift Account is a trust fund into which all private gifts and donations made to ONDCP for the purpose of aiding or facilitating the work of the Office are deposited.

V. SUMMARY TABLES OF PROGRAM AND FINANCING

SALARIES AND EXPENSES
($ in thousands)

		FY 1993 Actual	FY 1994 Estimate	FY 1995 Request
Program by activities:				
00.01	Salaries and expenses	$ 15,135	$ 11,687	$ 10,013
00.02	HIDTA grants	36,490	0	
00.03	CTAC R&D	294	0	0
10.00	Total obligations	$ 51,919	$ 11,687	$ 10,013
	Financing:			
21.40	Unobligated balance available, start of yr.	$ -119	-401	0
24.40	Unobligated balance available, end of yr.	401	0	0
25.00	Unobligated balance expiring	113	401	0
39.00	Budget authority	$ 52,314	$ 11,687	$ 10,013
	Budget Authority:			
40.00	Appropriation	$103,348	$ 11,687	$10,013
41.00	Transferred to other accounts	-51,609	0	0
42.00	Transferred from other accounts	+575	0	0
43.00	Appropriation (adjusted)	$ 52,314	$ 11,687	$ 10,013
	Relation of obligations to outlay:			
71.00	Obligations incurred, net	$ 51,919	$ 11,687	$ 10,013
72.40	Obligated balance, start of year	-20,222	11,371	5,449
74.40	Obligated balance, end of year	-11,371	-5,449	-5,168
90.00	Operations Outlays	$ 20,326	$ 17,609	$ 10,294

V. SUMMARY TABLES OF PROGRAM AND FINANCING (Con't)

GIFTS AND DONATIONS
($ in thousands)

	FY 1993 Actual	FY 1994 Estimate	FY 1995 Request
Program by activities:			
10.00 Total obligations	$ 26	$ 0	$ 0
Financing:			
21.40 Unobligated balance available, start of year	-468	-442	-442
24.40 Unobligated balance available, end of year	442	442	442
60.00 Budget Authority (appropriation) (permanent, indefinite)	$ 73	$ 0	$ 0
Relation of obligations to outlays:			
71.00 Obligations incurred, net	26	0	0
72.40 Obligated balance, start of year	460	22	22
74.40 Obligated balance, end of year	-22	-22	-22
90.00 Outlays (net)	$ 464	$ 0	0

VI. SUMMARY TABLES OF PERSONNEL

PERSONNEL

	FY 1993 Actual	FY 1994 Estimate	FY 1995 Request
Total number of appropriated full-time permanent positions	112	40	40
Total compensable workyears:			
Full-time equivalent employment	84	40	40
Full-time equivalent of overtime and holiday hours	1	1	1

DETAIL OF PERMANENT POSITIONS

	FY 1993 Actual	FY 1994 Estimate	FY 1995 Request
EX 1	1	1	1
EX 3	0	2	2
EX 4	0	1	1
SES	4	12	12
GS/15	12	5	9
GS/14	8	6	2
GS/13	3	2	2
GS-12	1	0	0
GS-11	2	3	3
GS-10	0	0	0
GS-9	5	8	8
GS-8	0	0	0
GS-7	0	0	0
GS-6	1	0	0
GS-5	0	0	0
GS-4	1	0	0
Undetermined	0	0	0
Total Filled Permanent Positions at Year-end	38	40	40
Unfilled Positions	74	---	---
Total Appropriated Perm. positions	112	40	40

VII. SUMMARY TABLES OF BUDGET AUTHORITY BY OBJECT CLASS
($ in thousands)

SALARIES AND EXPENSES - OPERATIONS

	FY 1993 Actual	FY 1994 Estimate	FY 1995 Request
Personnel Compensation:			
11.1 Full-time permanent	$ 3,955	$ 3,854	$ 2,923
11.3 Other than full-time permanent	522	0	0
11.5 Other personnel comp.	494	0	0
11.8 Special personal services payments		0	0
11.9 Total personnel comp.	4,971	3,854	2,923
12.1 Civilian personnel Benefits	961	925	731
12.2 Severance pay	0	340	0
12.3 Benefits for former personnel	205	372	0
Total comp. & benefits	6,137	5,491	3,654
21.0 Travel & trans. of persons	169	319	300
22.0 Transportation of things	17	20	10
23.1 Rental payments to GSA	1,845	1,362	1,383
23.3 Comm., util., & misc. charges	210	142	88
24.0 Printing & reproduction	66	200	103
25.1 Consulting Services		50	50
25.2 Other services (including research contracts)	43,388	3,827	4,246
25.2 Representation funds	8	8	8
26.0 Supplies & materials	74	148	68
31.0 Equipment	23	120	103
99.0 Total Obligations	$51,919	$11,687	$10,013

VII. SUMMARY TABLES OF BUDGET AUTHORITY BY OBJECT CLASS (Con't)
($ in thousands)

GIFTS AND DONATIONS

	FY 1993 Actual	FY 1994 Estimate	FY 1995 Request
Personnel compensation:			
11.1 Full-time permanent	$ 0	$ 0	$ 0
11.3 Other than full-time permanent	0	0	0
11.5 Other personnel comp.	0	0	0
11.8 Special personal services payments	0	0	0
11.9 Total personnel comp.	$ 0	0	0
12.1 Civilian personnel Benefits	0	0	0
Total comp. & benefits	$ 0	0	0
21.0 Travel & transportation of persons	3	0	0
22.0 Transportation of things	0	0	0
23.1 Rental payments to GSA	0	0	0
23.3 Comm., util., & misc. charges	21	0	0
24.0 Printing & reproduction	1	0	0
25.0 Other services	1	0	0
26.0 Supplies & materials	0	0	0
31.0 Equipment	0	0	0
99.0 Total Obligations	$ 26	$ 0	$ 0

VIII. EXPLANATION OF CHANGES BY OBJECT CLASS
($ in thousands)

FY '94	FY '95	Personnel compensation and benefits	Net Change
$5,491	$3,654		$ -1,837

Non-recur $1,915
CSL[1] Increase 78

Funds in this object class provide full-year salaries and benefits for 40 FTE, temporary employees, consultants, overtime pay, and holiday pay. Monies ($712) have been non-recurred to account for the amounts budgeted in FY94 for one-time payouts of severance and unemployment compensation associated with the reduction in force. Surplus funding ($1,915) associated with the FY94 Conference has been non-recurred. A cost of living adjustment of 2.6 percent is assumed.

FY '94	FY '95	Travel and transportation	Net Change
$ 319	$ 300		$ - 19

Non-recur $ 24
CSL Increase 5

The requested funds will cover the full-year cost of travel for a full complement of ONDCP staff including invitational travel. Surplus funding associated with the FY94 Conference has been non-recurred. The CSL increase reflects a 2.6 percent inflation factor.

FY '94	FY '95	Transportation of things	Net Change
$ 20	$ 10		$ -10

Non-recur $10

This object class includes express mail, UPS, and miscellaneous mover expenses. Surplus funding associated with the FY94 Conference has been non-recurred to result in no net change in Fiscal Year 1995.

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[1]Current Services Level

VIII. **EXPLANATION OF CHANGES BY OBJECT CLASS (CONT.)**
($ in thousands)

FY '94	FY '95	Rental payments to GSA (SLUC)	Net Change
$1,362	$1,383		$ +21

Non-recur $ 4
CSL Increase 25

This amount reflects the full year cost of office space at rates established by the General Services Administration for office space in the Washington, D.C. central business district. The FY 1995 request assumes an occupancy of approximately 20,000 square feet. This level of space will support the space requirements of: permanent staff, individuals assigned from other Federal agencies to participate in joint task forces, and the space necessary to continue to operate ONDCP's Secure Compartmented Information Facility. Surplus funding associated with the FY94 Conference has been non-recurred.

FY '94	FY '95	Communications, utilities, and miscellaneous charges	Net Change
$ 142	$ 88		$ - 54

Non-recur $56
CSL Increase 2

This amount will fund the full-year cost of telephone service, telecommunications, postage, and the lease of copier and ADP equipment. Surplus funding associated with the FY94 Conference has been non-recurred. The CSL increase reflects a 2.6 percent inflation factor.

FY '94	FY '95	Printing and reproduction	Net Change
$ 200	$ 103		$ - 97

Non-recur $100
CSL Increase 3

This amount will provide for basic printing needs and for the publication (as required by law) of the National Drug Control Strategy, the Consolidated National Drug Control Budget, and legislatively mandated studies and commission reports. Surplus funding associated with the FY94 Conference has been non-recurred. The CSL increase reflects a 2.6 percent inflation factor.

VIII. EXPLANATION OF CHANGES BY OBJECT CLASS (CONT.)
($ in thousands)

FY '94	FY '95	Other services	Net Change
$3,885	$4,304		$ +419

Non-recur	$176
CSL Increase	95
Program Increase	500

This amount will fund a wide variety of contract services including ADP software development, policy research studies, equipment maintenance contracts, facilities contract to operate ONDCP's telecommunications center, personnel training, conference attendance fees, Director's protection, contract building security services, and a 2.6 percent inflation factor. Surplus funding associated with the FY94 Conference has been non-recurred. A program increase of $500,000 is requested to establish an interagency agreement with the Drugs and Crime Data Center and Clearinghouse in order to fund ONDCP's share of the cost of developing and maintaining a comprehensive mailing list and dissemination process for the distribution of all ONDCP publications.

FY '94	FY '95	Supplies and materials	Net Change
$ 148	$ 68		$ - 80

Non-recur	$82
CSL Increase	2

These funds will pay for the estimated full-year cost of acquiring supplies, materials, and publications for ONDCP. Surplus funding associated with the FY94 Conference has been non-recurred. The CSL increase reflects a 2.6 percent inflation factor.

VIII. **EXPLANATION OF CHANGES BY OBJECT CLASS (CONT.)**
($ in thousands)

FY '94	FY '95	Equipment	Net Change
$ 120	$ 103		$ - 17
		Non-recur $ 20	
		CSL Increase 3	

This amount will provide a basic level for the purchase of required office equipment, such as PCs, ADP equipment and secure communications equipment. Surplus funding associated with the FY94 Conference has been non-recurred. The CSL increase reflects a 2.6 percent inflation factor.

$ 11,687	$10,013	Total all object classes	$- 1,674

Office of National Drug Control Policy

FY 1995 Budget

Special Forfeiture Fund

Executive Office of The President
February 1994

Executive Office of the President
Office of National Drug Control Policy

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Executive Office of the President
Office of National Drug Control Policy

I. MISSION STATEMENT

GENERAL

The Office of National Drug Control Policy (ONDCP) provides the President's primary Executive Branch support for drug policy development and program oversight. The Office advises the President on national and international drug control policies and strategies, and works to ensure the effective coordination of drug programs within the Federal agencies and departments.

The Assets Forfeiture Amendments Act of 1988 established the Special Forfeiture Fund, in order to allow the ONDCP supplementary resources to fight the war on drugs.

Deposits to the Fund come from the Department of Justice (DOJ) Assets Forfeiture Fund and Department of Treasury Assets Forfeiture Fund after they meet certain necessary expenses. Funding for the Special Forfeiture Fund may also derive from direct appropriation. Investment income generates additional revenue for the Special Forfeiture Fund.

II. FY 1995 BUDGET AUTHORITY OVERVIEW
($ in thousands)

	FY 93 Actual	FY 94 Estimate	FY 95 Request
Special Forfeiture Fund (SFF)			
SAMSHA	$33,701	$25,000	$45,000
INS	$ 7,000		
IRS		$ 6,000	
Customs	$ 5,741	$	
DEA	$ 2,000	$ 4,000	
FinCen	$ 2,800		
Marshals	$ 2,500		
FLETC	$ 5,000		
BJA	$ 2,000		
CTAC R&D	$15,000	$ 7,500	$ 7,500
ATF		$ 5,000	
ONDCP DIRECTOR'S DISCRETION		$ 5,000	
Total SFF	$75,742	$52,500	$52,500

Funds appropriated to the Special Forfeiture Fund (SFF) have been previously appropriated directly to ONDCP. Beginning in Fiscal Year 1994, SFF funding is reflected as Funds Appropriated to the President (FAP), Federal Drug Control Programs.

The Fiscal Year 1995 request reflects no change in funding level.

III. APPROPRIATION LANGUAGE

Account #04-07-5001

FUNDS APPROPRIATED TO THE PRESIDENT

SPECIAL FORFEITURE FUND

Federal Funds

General and special funds:

Special Forfeiture Fund
(Including transfer of funds)

For activities authorized by Public Law 100-690, $52,500,000, of which **[$28,000,000]** $45,000,000 shall be derived from deposits in the Special Forfeiture Fund; and of which **[$25,000,000]** $45,000,000 shall be transferred to the Substance Abuse and Mental Health Services Administration, **[and of which $10,000,000 shall be available to the Center for Substance Abuse Prevention for community partnership grants, and of which $5,000,000 shall be available to the Center for Substance Abuse Prevention for the residential women/children program, and of which $10,000,000 shall be available for the Substance Abuse Prevention and Treatment Block Grant to the States]** for programs to provide treatment services for hard-core drug users,and of which $7,500,000 to remain available until expended, shall be transferred to the Counter-Drug Technology Assessment Center for counternarcotics research and development projects and shall be available for transfer to other Federal departments or agencies. (Executive Office Appropriations Act, 1994.)

IV. FY 1995 BUDGET REQUEST
($ in thousands)

SPECIAL FORFEITURE FUND (SFF)

	FY 93 Actual	FY 94[1] Estimate	FY 95 Request
SAMSHA	$33,701	$25,000	$45,000
INS	$ 7,000		
IRS		$ 6,000	
Customs	$ 5,741	$	
DEA	$ 2,000	$ 4,000	
FinCen	$ 2,800		
Marshals	$ 2,500		
FLETC	$ 5,000		
BJA	$ 2,000		
CTAC R&D	$15,000	$ 7,500	$ 7,500
ATF		$ 5,000	
ONDCP DIRECTOR'S DISCRETION		$ 5,000	
Total SFF	$75,742	$52,500	$52,500

Overview

No change is requested in the fiscal year 1995 request from the enacted fiscal year 1994 level of $52.5 million.

The Assets Forfeiture Amendments Act of 1988 established the Special Forfeiture Fund, in order to allow the Office of National Drug Control Policy supplementary resources to fight problems of illicit drug use and trafficking.

Deposits to the Fund come from the Department of Justice (DOJ) and Department of Treasury Assets Forfeiture Funds after they meet certain necessary expenses. Investment income generates additional revenue for the Special Forfeiture Fund.

Beginning in FY 1991, deposits to the Special Forfeiture Fund may occur on a quarterly basis.

- Deposits to the Special Forfeiture Fund cannot exceed $150 million per fiscal year.
- Monies are not available for obligation or transfer until appropriated by Congress.

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[1] **$14,500,000 DIRECT APPROPRIATION**

- Historically, transfers from the Justice Asset Forfeiture Fund to the Special Forfeiture Fund have exceeded amounts which Congress makes available for obligation through annual appropriations.

CTAC Research and Development

Public Law 101-509 provided appropriations to establish within ONDCP the Counter-drug Technology Assessment Center (CTAC), whose purpose is to serve as the central counter-drug research and development center for the Federal Government.

CTAC is headed by the Chief Scientist of Counter-drug Technology, who is appointed by the Director of ONDCP. Acting on behalf of the Director, the Chief Scientist oversees CTAC's five Congressionally-directed responsibilities:

- To identify and define the short-, medium-, and long-term scientific and technological needs of Federal, State, and local law enforcement agencies involved in the anti-drug program. Research emphasis will be on advanced surveillance, tracking and radar imaging measures, electronic support measures, communications, and ADP systems and applications;

- To assign priorities to the identified research needs by considering their technological and fiscal feasibility;

- To oversee and coordinate counter-drug technology initiatives of other Federal civilian and military departments; and

- To submit reprogramming and transfer requests of funds appropriated for counter-drug enforcement research and development.

- To conduct research and development activities for substance abuse addiction and rehabilitation research, as directed in Public Law 102-141.

The Fiscal Year 1995 request for the SFF includes $7.5 million in funding for counter-drug research and development activities.

Federal Initiatives

Consistent with the 1994 National Drug Control Strategy and the Administration's emphasis on treatment and prevention, $45 million has been requested for transfer to SAMSHA to provide treatment services for hard-core drug abusers.

V. SUMMARY OF UNAVAILABLE COLLECTIONS

SPECIAL FORFEITURE FUND ($ in thousands)

	FY 1993 Actual	FY 1994 Estimate	FY 1995 Request
01:00 Balance, start of year: Treasury balance	$ 69,999	$ 23,044	$ 35,544
Receipts:			
02:01 Transferred from DOJ assets forfeiture	28,476	30,000	20,000
02:01 Transferred from Treasury assets forfeiture	0	10,000	10,000
02:02 Earnings on Investments	311	500	0
02.99 Total Receipts	28,767	40,500	30,000
04.00 Total:Balances and Collections	98,786	63,544	65,544
05.01 Appropriations	-75,742	-28,000	-45,000
07.00 Balance, end of Year Treasury Balances	$ 23,044	$ 35,544	$ 20,544

V. SUMMARY TABLES OF PROGRAM AND FINANCING

SPECIAL FORFEITURE FUND ($ in thousands)

	FY 1993 Actual	FY 1994 Estimate	FY 1995 Request
Program by activities:			
10:00 Total obligations	$ 752	$ 7,722	$ 10,350
Financing:			
21:40 Unobligated balance start of the year	-10,848	-24,521	-29,299
24:40 Unobligated balance end of year	+24,521	+29,299	+26,449
39.00 Budget authority	$ 14,425	$ 12,500	$ 7,500
Budget authority:			
40.00 Appropriations	$ 0	$ 24,500	$ 7,500
40.20 Appropriations (Special fund)	75,742	28,000	45,000
41.00 Transferred to other accounts	-61,317	-40,000	-45,000
43.00 Approp. (adjusted)	$ 14,425	$ 12,500	$ 7,500
Relation of obligations to outlays:			
71.00 Obligations incurred, net	$ 752	$ 7,722	$10,350
72.40 Obligated bal. start of year	+8	+222	+222
74.40 Obligated bal. end of year	-222	-222	-222
90.00: Outlays:	$ 538	$ 7,722	$10,350[2]

[2]Monies are transferred directly to other agencies or to account 11X1457 and outlayed against those accounts.

VI. SUMMARY TABLES OF PERSONNEL

PERSONNEL

Personnel associated with the administration of Special Forfeiture Fund programs are funded from ONDCP's Salaries and Expenses account. This includes the staff of the Counter-drug Technology Assessment Center (CTAC).

VII. SUMMARY TABLES OF BUDGET AUTHORITY BY OBJECT CLASS
($ in thousands)

SPECIAL FORFEITURE FUND

		FY 1993 Actual	FY 1994 Approp.	FY 1995 Request
25.2	Direct Obligations	$ 752[3]	$ 0	$ 0
99.0	Transfer to Federal accounts	61,317	52,500	52,500
99.0	Carried Forward to next Fiscal Year	14,425	0	0
99.0	Total Budget Authority	$ 75,742	$52,500	$52,500

[3]Appropriated in FY92

Office of National Drug Control Policy

FY 1995 Budget

High Intensity Drug Trafficking Areas (HIDTA)

Executive Office of The President
February 1994

Executive Office of the President
Office of National Drug Control Policy

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Executive Office of the President
Office of National Drug Control Policy

I. MISSION STATEMENT

GENERAL

The Office of National Drug Control Policy (ONDCP) provides the President's primary Executive Branch support for drug policy development and program oversight. The Office advises the President on national and international drug control policies and strategies, and works to ensure the effective coordination of drug programs within the Federal agencies and departments.

One of ONDCP's statutory responsibilities is the designation of high intensity drug trafficking areas and the oversight of special funding provided to Federal, State, and local law enforcement entities in these areas.

The National Drug Control Strategy includes designation (in consultation with the Attorney General, heads of Federal Drug Control program agencies, and Governors) of high intensity drug trafficking areas within the United States.

II. FY 1995 BUDGET AUTHORITY OVERVIEW
($ in thousands)

	FY 93 Actual	FY 94 Approp.	FY 95 Request
High Intensity Drug Trafficking Areas (HIDTA)	$86,000	$86,000	$98,000

Funds appropriated for the HIDTA program have been previously appropriated directly to ONDCP. Beginning in Fiscal Year 1994, funding for the HIDTA program is reflected as Funds Appropriated to the President (FAP), Federal Drug Control Programs.

III. APPROPRIATION LANGUAGE

Account #04-07-1070

FUNDS APPROPRIATED TO THE PRESIDENT

HIGH INTENSITY DRUG TRAFFICKING AREAS

Federal Funds

General and special funds:

High Intensity Drug Trafficking Areas Program
(Including Transfer of Funds)

For necessary expenses of the Office of National Drug Control Policy's High Intensity Drug Trafficking Areas Program, **[$86,000,000]** $98,000,000 for drug control activities consistent with the approved strategy for each of the designated High Intensity Drug Trafficking Areas, of which no less than **[$43,000,000]** $55,000,000 shall be transferred to State and local entities for drug control activities; and of which up to $43,000,000 may be transferred to Federal agencies and departments at a rate to be determined by the Director**[: Provided, That the funds made available under this head shall be obligated within 90 days of enactment of this Act]**. (Executive Office Appropriations Act, 1994.)

IV. FY 1995 BUDGET REQUEST
($ in thousands)

HIGH INTENSITY DRUG TRAFFICKING AREAS (HIDTA)

	FY 1993 Actual	FY 1994 Approp.	FY 1995 Request
Federal initiatives	$49,300	$43,000	$ 43,000
State and local support	$36,700	$43,000	$ 55,000
Total HIDTA Funding	$86,000	$86,000	$ 98,000

Overview

Section 1005 of the Anti-Drug Abuse Act of 1988 authorizes the Director of ONDCP to designate certain areas in the U.S. as High Intensity Drug Trafficking Areas (HIDTAs) for the purpose of providing increased Federal assistance to alleviate drug-related problems having a harmful impact in other areas of the country.

Subsequent FY 1990 legislation made such designations mandatory and required ONDCP to designate HIDTAs by February 1, 1990. This designation occurred in January 1990, as part of the second National Drug Control Strategy. New York, Los Angeles, Miami, Houston, and the Southwest border were the HIDTAs designated. These areas receive assistance through a variety of Federal, State, and local cooperative efforts.

In designating these areas, the Director of ONDCP considered certain criteria. These included:

- The extent to which the area is a center of illegal drug production, manufacturing, importation or distribution;
- The extent to which State and local law enforcement agencies have committed resources to respond to the drug trafficking problem in the area, thereby indicating a determination to respond aggressively to the problem;
- The extent to which drug-related activities in the area are having a harmful impact in other areas of the Nation; and
- The extent to which a significant increase in the allocation of Federal resources is necessary to respond adequately to drug-related activities in the area.

HIDTAs are designated because of the seriousness of their drug trafficking problems and the effects that drugs flowing from these areas have on other parts of the country.

Beginning in Fiscal Year 1993, ONDCP was assigned direct grant-making authority for the State and local portion. Consistent with appropriation law, HIDTA funds were obligated within 90 days of the enactment of ONDCP's appropriation for that fiscal year.

In conjunction with the reorganization of the Executive Office of the President, responsibility for administering the State and local portion of HIDTA grants was returned to the Justice Department, Bureau of Justice Assistance, in Fiscal Year 1994.

The HIDTA program has developed into a very effective partnership between Federal, State, and local law enforcement agencies. It is the only law enforcement program which empowers regional Federal, State, and local law enforcement officials to take a unified regional approach to dismantling the most significant drug trafficking organizations. It is also the only program which has effectively combined smaller task forces into major collocated Federal-led task forces with satellite collocated State/local-led multi-jurisdictional task forces. In short, this program directly supports the Administration's desire to place resources where the greatest problems are and to increase support to State and local agencies. The HIDTA Program will be expanded to new areas to address drug distribution to hard-core drug users. Areas with severe problems caused by hard-core drug use (identified by data from the Drug Abuse Warning Network and other sources) will be designated as "distribution" HIDTAs. The Washington-Baltimore area has been identified to be a prototype of the new set of HIDTAs. A multi-disciplinary effort including the criminal justice and drug treatment communities will be used to reduce the number of drug traffickers and their clientele.

FY 1995 HIDTA Budget Request

The FY 1995 HIDTA budget request of $98 million reflects an increase of $12 million from the current services level of $86 million. This increase provides funding for the Washington /Baltimore HIDTA. The funding requested in FY 1995 will increase the synergy, focus, and effectiveness of several disparate Federal, State, and local agencies in this region. The Director of ONDCP has implemented the designation of this area as a HIDTA in FY 1994 using discretionary funds available to him.

All HIDTA funds will be allocated for Federal-led multi-agency activities, and for grants to States and localities in the HIDTAs, at levels to be determined by the Director, ONDCP. Funds are to be appropriated to the Funds Appropriated to the President (FAP), consistent with the Fiscal Year 1994 President's Budget.

V. SUMMARY TABLES OF PROGRAM AND FINANCING

HIGH INTENSITY DRUG TRAFFICKING AREAS

($ in thousands)

		FY 1993 Actual	FY 1994 Estimate	FY 1995 Request
Program by activities:				
00.01	Federal Activities	$ 0	$ 8,890	$43,000
00.02	Grants to State and local law enforcement agencies	0	43,000	55,000
10.00	Total obligations	$ 0	$51,890	$98,000
Financing:				
	Budget Authority:			
40.00	Appropriation	$ 0	$ 86,000	$ 98,000
41.00	Transferred to other accounts	0	-34,110	0
43.00	Appropriation (adjusted)	$ 0	$ 51,890	$ 98,000
Relation of obligations to outlays:				
71.00	Obligations incurred, net	$ 0	$ 51,890	$ 98,000
72.40	Obligated balance, start of year	0	0	3,252
74.40	Obligated balance, end of year	0	- 3,252	-33,000
90.00	Outlays	$ 0	$ 48,638	$ 68,252

****NOTE****

FY 1993 HIDTA activity is included in ONDCP's Salaries and Expenses account.

VI. SUMMARY TABLES OF PERSONNEL

PERSONNEL

One Full Time Equivalent position, responsible for providing policy direction and oversight for the HIDTA program, is funded through ONDCP's Salaries and Expenses appropriation.

Grants that are awarded to non-Federal entities, under this program, are administered by the Bureau of Justice Assistance, Department of Justice.

VII. SUMMARY TABLES OF BUDGET AUTHORITY BY OBJECT CLASS
($ in thousands)

HIGH INTENSITY DRUG TRAFFICKING AREAS

		FY 1993 Actual	FY 1994 Approp.	FY 1995 Request
99.0	High Intensity Drug Trafficking Areas-State/local	$ 0	$ 962	$ 55,000
99.0	Transfer to Federal accounts	$ 0	8,890	$ 43,000
99.0	Total Budget Authority	$ 0	$ 9,852	$98,000

****NOTES****

FY 1993 HIDTA activity is included in ONDCP's Salaries and Expenses account.

THURSDAY, MARCH 17, 1994.

EXECUTIVE RESIDENCE

WITNESSES

ROBERT G. STANTON, REGIONAL DIRECTOR, NATIONAL PARK SERVICE, NATIONAL CAPITAL REGION

JAMES I. McDANIEL, ASSOCIATE REGIONAL DIRECTOR, WHITE HOUSE LIAISON, NATIONAL PARK SERVICE, NATIONAL CAPITAL REGION

MARYANNE MURILLO, BUDGET ANALYST, NATIONAL PARK SERVICE, NATIONAL CAPITAL REGION

INTRODUCTION

Mr. HOYER. We are very pleased to welcome to the Committee Robert Stanton, who is the Director of the finest region of the Park Service in the country, the region in which I reside. There may be other great regions as well, I understand that.

Mr. DARDEN. You realize he has been demoted.

Mr. HOYER. He used to be in your district?

Mr. DARDEN. The Southeast.

Mr. HOYER. I wondered why he was complaining all the time.

Mr. Stanton, we are very pleased to have you here. Obviously, the purpose of this morning's hearing is to review the budget for the Executive Residence of the White House.

Mr. Stanton, we will include your statement at the appropriate place in the record. You may proceed in such a manner as you deem appropriate.

SUMMARY STATEMENT OF MR. STANTON

Mr. STANTON. Thank you very much, Mr. Chairman, and to the distinguished Members of this committee, I am pleased to have the opportunity to present testimony in support of the fiscal year 1995 budget for the Executive Residence. I am also extremely pleased to be accompanied by Mr. Jim McDaniel, who is the Associate Regional Director for White House Liaison, to my right, and Ms. Maryanne Murillo, who is a senior Budget Analyst for the National Capital Region of the National Park Service.

With respect to the request for the 1995 budget, we are requesting a total of $7,827,000 in contrast with $7,925,000 that was appropriated in fiscal year 1994. This shows a reduction of $98,000. This was accomplished primarily through our not continuing three—pardon me, four projects that were funded in fiscal year 1994 which are nonrecurring, and we will speak more definitively about those later on.

PAY ISSUES

However, in FY 95 there are increased costs due to pay adjustments, due to merit and step increases, FERS costs, premium pay for overtime when we have major projects that may require the staff during the holidays and weekends. Also funds are needed to cover the cost for support of ceremonial activities, including the roll up of tents for major ceremonial activities on the grounds, as an example, and these are needed to support the activities of the President in carrying out his ceremonial activities, as well as the duties of the Executive Branch of the government.

YOUNG AMERICAN CHEF PROGRAM

I might add further that with respect to the increases requested in fiscal year 1995, we have underway plans to hire a young American chef. The hope here is to attract outstanding talent in some of our culinary schools, to introduce him to the preparation of food in the White House for the benefit of the First Family as well as dignitaries.

We anticipate there will be a great showing of interest on the part of a young chef to have the experience to work in the White House. We hope to bring that individual on through a service contract at an estimated annual cost of $23,000.

CAPITAL IMPROVEMENT PROJECTS

With respect to the funds that were received in fiscal year 1994 that are no longer requested as a part of this budget, I think it is very important, Mr. Chairman, and Members of the committee, that I just applaud you again in terms of two major projects that are near to completion.

One is the five-year curatorial conservation program that allowed us to have hands-on refurbishing or upgrading of some of the priceless artifacts that are on display in the Executive Residence and they are viewed by the million plus visitors through the White House annually.

Also, we are nearing the last phase of the multiyear and $4.7 million restoration of the White House proper. We would hope that that project would be completed by this time next year and we stand ready to host the committee and its staff on a tour of the White House. It is just a grand project in which all of us can really take a great deal of pride.

Later on, Mr. Chairman, if the time permits, Mr. McDaniel has some visual aids to depict the level of curatorial conservation work, as well as stone preservation work at the White House, to give you some of the sense of how the money that has been appropriated by this committee has been applied towards the preservation of the White House in the furnishings and other artifacts.

Mr. Chairman, this concludes our testimony. We will be more than happy to respond to any specific questions or comments that you and Members of the committee might have.

[The prepared statement follows:]

STATEMENT OF ROBERT G. STANTON, REGIONAL DIRECTOR, NATIONAL PARK SERVICE, BEFORE THE HOUSE COMMITTEE ON APPROPRIATIONS, SUBCOMMITTEE ON TREASURY, POSTAL SERVICE, AND GENERAL GOVERNMENT ON THE 1995 BUDGET FOR THE EXECUTIVE RESIDENCE AT THE WHITE HOUSE.

MR. CHAIRMAN, AND MEMBERS OF THE COMMITTEE, I AM PLEASED TO APPEAR BEFORE YOU TO REPORT ON THE EXECUTIVE RESIDENCE AT THE WHITE HOUSE AND TO PRESENT, FOR YOUR CONSIDERATION, THE FUND REQUIREMENTS FOR THE MAINTENANCE AND OPERATION OF THE EXECUTIVE RESIDENCE FOR FISCAL YEAR 1995.

THE APPROPRIATION FOR THIS ACCOUNT FOR FISCAL 1994 IS $7,925,000. WHICH INCLUDES FUNDING IN THE AMOUNT OF $385,000 FOR TWO NON-RECURRING CAPITAL IMPROVEMENT PROJECTS.

THE FISCAL 1995 REQUEST IS $7,827,000 WHICH IS $98,000 BELOW THE FISCAL 1994 AUTHORITY. THE FY-95 BUDGET INCLUDES $23,000 FOR AN INTERN POSITION FOR YOUNG AMERICAN CHEFS WITHIN THE SERVICE-BY-AGREEMENT RANKS IN SUPPORT OF FOOD PREPARATION FOR OFFICIAL EVENTS. FOR LARGER EVENTS, THE EXECUTIVE RESIDENCE ROUTINELY ENGAGES SERVICE-BY-AGREEMENT CHEFS, AND WITHIN THIS FRAMEWORK, WOULD LIKE TO ESTABLISH AN INTERN/TRAINEE POSITION.

FUNDING IS NEEDED TO COVER A VARIETY OF PAY NEEDS INCLUDING A PROJECTED 1.6 PERCENT PAY INCREASE EFFECTIVE IN JANUARY ($77,000),; MERIT PAY AND STEP INCREASES ($98,000); AND INCREASES IN BENEFIT COSTS ($24,000). FUNDING IN THE AMOUNT OF $60,000 IS ALSO REQUESTED TO COVER INCREASES IN PREMIUM PAY FOR SUPPORT TO ONGOING REHABILITATION PROJECTS, ROUTINE MAINTENANCE PROJECTS, AND OFFICIAL AND CEREMONIAL FUNCTIONS OF THE PRESIDENCY. DUE TO AN INCREASE IN OFFICIAL EVENTS, $40,000 IS ALSO REQUESTED FOR CONTRACTED SERVICES IN SUPPORT OF THESE EVENTS.

FUNDS IN THE AMOUNT OF $5,000 ARE ALSO NEEDED FOR CURATORIAL CLEANING AND REPAIR, AND A TOTAL OF $37,000 IS NEEDED FOR A VARIETY OF SUPPLY ITEMS. IT HAS BEEN DIFFICULT TO MAINTAIN NECESSARY INVENTORIES OF STOCK SUPPLIES PRINCIPALLY DUE TO PAY COST ABSORPTIONS AND ACROSS-THE-BOARD REDUCTIONS. THE TYPES OF ITEMS INCLUDE TABLE LINENS, HOUSEKEEPING SUPPLIES, GLASSWARE, ELECTRICAL, CARPENTRY AND ENGINEERING ITEMS.

THESE INCREASES ARE OFFSET BY REDUCTIONS DUE TO THE NON-RECURRENCE OF A NUMBER OF ITEMS WITHIN THE FY-94 BUDGET. THESE INCLUDE THE CURATORIAL CONSERVATION PROJECT (-$100,000); THE MODERNIZATION OF THE ELEVATORS (-$235,000); THE EXTERIOR LIGHTING PROJECT (-$150,000); AND THE COMPUTER ENHANCEMENTS (-$50,000).

THE EXECUTIVE RESIDENCE HAS MET THE GOALS ESTABLISHED IN THE NATIONAL PERFORMANCE REVIEW FOR BOTH FY-1994 AND FY-1995. WITHIN THE AMOUNT PROVIDED IN FY-94, A TOTAL OF $174,000 HAS BEEN ABSORBED IN PAY COSTS DUE TO THE FY-94 GEOGRAPHIC PAY ADJUSTMENT; AND IN FY-95, AN ADDITIONAL $58,000 HAS BEEN FUNDED THROUGH DEFERRAL OF OTHER IMPORTANT NEEDS.

THE EXECUTIVE RESIDENCE IS CURRENTLY IN THE FINAL PHASE OF THE CURATORIAL CONSERVATION PROJECT. AS YOU KNOW, MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE, THIS IS THE CULMINATION OF A FIVE-YEAR EFFORT TO PROVIDE ESSENTIAL CURATORIAL CARE TO ITEMS WITHIN THE FINE ARTS COLLECTION. TODAY, WITH YOUR PERMISSION SIR, WE WOULD LIKE TO SHOW YOU SOME PHOTOGRAPHS EXEMPLIFYING SOME OF THE WORK ACCOMPLISHED WITHIN THIS IMPORTANT PROJECT, AND PROVIDE THE COMMITTEE WITH AN UPDATE OF THE EXTERIOR RESTORATION PROJECT WHICH IS ENTERING ITS FINAL PHASE.

[INFORMATION ON THESE TWO PROJECTS WILL BE PRESENTED BY MR. MCDANIEL.]

THIS CONCLUDES OUR BUDGET REQUEST MR. CHAIRMAN. I SHALL BE PLEASED TO ANSWER ANY QUESTIONS YOU AND THE OTHER MEMBERS OF THE COMMITTEE MAY HAVE ABOUT THE OPERATION OF THE EXECUTIVE RESIDENCE AT THE WHITE HOUSE.

BIOGRAPHY
ROBERT G. STANTON
REGIONAL DIRECTOR, NATIONAL CAPITAL REGION
NATIONAL PARK SERVICE
WASHINGTON, D.C.

Robert G. Stanton was appointed in November of 1988 to head the heavily visited and prestigious National Capital Region of the National Park Service.

As Regional Director, Mr. Stanton is responsible for the parks of the National Capital Region which attract more than 20 million visitors annually to such popular sites as the White House, Vietnam Veterans Memorial, Washington Monument, Lincoln and Jefferson Memorials, Manassas National Battlefield, Harpers Ferry National Historical Park, and the 184-mile Chesapeake and Ohio Canal National Historical Park.

Mr. Stanton's first NPS job was as a seasonal Park Ranger at Grand Teton National Park, Wyoming, during the summers of 1962 and 1963. He was Director of Public Relations and Alumni Affairs from 1964-1966 for Huston-Tillotson College, and accepted his first career position with NPS in 1966 as Personnel Management and Public Information Specialist in the Washington Office.

In 1969 he was reassigned to National Capital Parks-Central where he served as the Park Management Assistant. In 1970, he was appointed Superintendent of National Capital Parks-East, where he managed some 5,000 acres of park land and NPS sites.

A year later, he began a 2 and 1/2 year assignment serving as a dual Superintendent of Virgin Islands National Park at St. John, Christiansted National Historic Site, and Buck Island Reef National Monument on St. Croix. In 1974, he was appointed as Deputy Regional Director of the Southeast Region, headquartered in Atlanta, Georgia. In 1976, he went to the Washington Office as Assistant Director, Park Operations, and in 1978 to the National Capital Region as Deputy Regional Director, a post held for 8 years.

In 1987, he was called again to the Washington Office to be Associate Director, Operations with oversight responsibilities for day-to-day operations and management programs--Ranger Activities, Visitor Services, Concessions and Maintenance--for the entire 354-unit National Park System.

Recipient of numerous honors and awards, he is a graduate of the Senior Executive Service Candidate Development program of the Department of the Interior. He has earned such honors as the Interior Distinguished Service Award. He has been called upon to speak at numerous park management conferences, employee training sessions, and other programs and has served on several Servicewide task forces dealing with resource preservation, visitor services and organizational issues.

Born September 22, 1940, in Fort Worth, Texas, he received his B.S. degree in 1963 from Huston-Tillotson College, Austin, Texas. He did graduate work at Boston University, Boston, Massachusetts; and George Washington University, Washington, D.C. in public communications and administrative management, respectively.

He and his wife, the former Janet Moffatte of Chester, South Carolina, are parents of two children. They make their home in nearby Virginia.

BIOGRAPHY
JAMES I. McDANIEL
ASSOCIATE REGIONAL DIRECTOR, NATIONAL CAPITAL REGION
NATIONAL PARK SERVICE
WASHINGTON, D.C.

James I. McDaniel has served as Associate Regional Director for White House Liaison since January, 1984.

As head of the White House Liaison Office, Mr. McDaniel is responsible for a variety of staff and line functions in support of the National Park Service role at the White House, a unit of the National Park System with exceptional historical and cultural significance. He directs a staff of nearly 100 employees who provide visitor services, resource management, maintenance, planning, design and construction services for the White House and surrounding President's Park. He also represents the National Park Service with organizations such as the White House Historical Association and the Committee for the Preservation of the White House.

Mr. McDaniel joined the White House Liaison office in 1972 after serving as Supervisory Park Ranger at National Capital Parks - North, where he managed the Rock Creek Nature Center, Pierce Mill, Old Stone House, Battleground National Cemetery and other natural and historical sites in Washington, D.C. During this time Mr. McDaniel graduated from the Federal Law Enforcement Training Center, where he completed basic training for park rangers and U. S. Park Police officers.

Mr. McDaniel first came to Washington, D.C. in 1969 when he was detailed for one year from his position as park ranger at Grand Canyon National Park to work with innovative urban recreation and education projects in the Nation's Capital.

Prior to his assignment at Grand Canyon, Mr. McDaniel attended Northeastern University in Boston, Massachusetts, where he majored in Modern Languages. While in college he also worked as a park ranger at Minuteman National Historical Park in Concord, Massachusetts, under Northeastern's cooperative education program.

Mr. McDaniel received a Bachelor of Arts degree from Northeastern University and has done subsequent course work at Northern Arizona University, American University and George Mason University.

He was born in Watertown, Massachusetts in 1946 and today resides in Springfield, Virginia with his wife, Michele (Coursey), formerly with the National Park Service, and their two children.

BIOGRAPHY
MARYANNE MURILLO
BUDGET ANALYST, NATIONAL CAPITAL REGION
NATIONAL PARK SERVICE
WASHINGTON, D.C.

Maryanne Murillo has been a senior budget analyst for the National Park Service in the National Capital Regional Office (NCR) since September of 1987. She is responsible for formulating the operating budget of the Executive Residence at the White House, and has presented the funding needs of a number of critical projects for this site, including the exterior restoration of the White House and the five-phase curatorial conservation project. Ms. Murillo also prepares the operating budget for the United States Holocaust Memorial Council. Additionally, Ms. Murillo formulates budgets affecting some 300 park areas in the National Capital Region including the White House, Vietnam Veterans Memorial, Washington Monument, Lincoln and Jefferson Memorials, Manassas National Battlefield, Harpers Ferry National Historical Park, and the C&O Canal National Historical Park.

Before joining NCR's Budget Office, Ms. Murillo worked at both the George Washington Memorial Parkway and National Capital Parks-Central where she was involved in implementing the parks' operating budgets. She also worked for NCR's Office of Public Affairs where she directed the financial management of the Carter Barron Amphitheatre, the Fort Dupont Summer Theatre, and three divisions within the regional office. She has been cited with numerous commendations and awards for her work with the National Park Service.

Born in Philadelphia, Pennsylvania, she received a B.S. degree from St. Joseph's College in Philadelphia. She also did graduate work at the University of Maryland. Prior to her National Park Service career, Ms. Murillo spent several years as an elementary school teacher, both in the Washington, D.C. area and in Philadelphia.

Ms. Murillo and her husband are parents of two children. They live in nearby Kensington, Maryland.

CURATORIAL CONSERVATION PROGRAM

Mr. HOYER. I understand you are going to show us some pictures.

Mr. STANTON. Yes, right, to depict the two programs. One is a curatorial conservation program. Another is the restoration of the stonework of the White House proper.

Mr. HOYER. You may want to take just a couple of minutes to do that.

Mr. MCDANIEL. Certainly, Mr. Chairman. Thank you.

A total of $525,000 has been appropriated over the last five years to work on the objects in the White House museum collection. There are approximately 5,000 objects of historical value in the collection, of which about a thousand require some kind of conservation work or repair. Of those 1,000, only the highest priority, most significant items, ones which are in—on display for visitors in the White House were worked on under this program, and a couple of examples I would like to show you here. On top here we have——

Mr. HOYER. Can you move it just a little bit this way?

Mr. MCDANIEL. Can everyone see?

Mr. HOYER. Get Mr. Darden to move here and we will all be able to see.

Mr. MCDANIEL. We have at the top here from the Red Room a chair. This particular chair has been in the room since 1961 and, as you can see, it is an arm chair, was built in about 1810 and this frame member here has quite a bit of damage on it and that is because he has been upholstered so many times that the nails and so forth have just chewed up the original wood.

In addition to that, there are modern metal springs in there. So what was done under this project was all of the modern elements were removed and a new frame was built inside the old frame that is completely detachable and the replacement of upholstery was put on so that is how the chair looks right now.

The photo on the bottom shows a dining room table from the State Dining Room and this particular table has been used in the room since 1976. It was built in 1800. And what happened here was a guest at an event sat on the edge of the table and cracked the leg. And this is an example of the difference between this museum collection and one that you would see in the Smithsonian. In the Smithsonian, for example, a piece receives conservation, it is put on display and people enjoy viewing it, but at the White House, the collection is all actually used day in and day out. It is a living museum and so you do have damage that is caused by that use.

The chair—the table was repaired and this is how it looks right now and it is back in the State Dining Room.

I have two other examples. On the top—can everyone see?

On the top, we have a chair from the Green Room and this particular chair was built in 1815 in New York by the Duncan Phyfe Company, which is a famous American furniture builder from that period. It is from a set of four and it has been in the room since 1962 and——

Mr. HOYER. Was the actual leg restored, reattached, or did you make a new piece?

Mr. MCDANIEL. No. The original leg was reattached using a dowel that was broken into the leg itself and into the remaining piece and then reattached.

The next time you are in the Green Room, I think you will be hard pressed to figure out which chair it was. The repair work is really done very well. We are using eight or nine different companies and museums. There are museums who have particular expertise in different types of repair and that is where we are going.

Mr. HOYER. How many pieces in all were restored under this project?

Mr. MCDANIEL. So far we have done—let's see, 75 pieces during this administration, the Clinton administration, and 125 during the Bush administration. We have about 50 pieces that remain to be done and there is sufficient funding to finish the work.

Mr. HOYER. What was the funding for that?

Mr. MCDANIEL. $525,000 total over five years.

Mr. HOYER. Okay. Thank you very much.

Mr. STANTON. And this budget, I might add, Mr. Chairman, provides for $5,000 for cyclic or recurring hands-on improvement so that we won't develop a back log but to protect the investment that has been achieved through the use of the $525,000.

EMPLOYMENT IN THE EXECUTIVE RESIDENCE

Mr. HOYER. Thank you.

Mr. Stanton, as you know, there has been a lot of news interest in the employment in the White House, including chefs, ushers, and other employees. All of these employees are under your direction and control?

Mr. STANTON. No, they are not, Mr. Chairman. I am directly responsible for administering the National Park Service's budget which comes through another appropriation subcommittee. This is the appropriation for the Executive Residence and it's day-to-day supervision is under the Chief Usher. All of the employees, including the Chief Usher, serve at the pleasure of the President as provided by statute, I should add.

Mr. HOYER. Who approves the budget?

Mr. STANTON. The budget is approved by the Executive Residence and the Office of Administration reviews the budget for compliance with Administration guidelines.

Mr. HOYER. Office of Administration.

Mr. STANTON. But as with all budgets, obviously they are ultimately approved by OMB, as with Interior and the Park Service as a whole.

Mr. HOYER. So those particular employees are not under your jurisdiction?

Mr. STANTON. That is correct.

Mr. HOYER. All right. And the President has the full power to hire and fire those people?

Mr. STANTON. That is correct, Mr. Chairman.

Mr. HOYER. For instance, Members of Congress have the power to hire and fire their own staff.

Mr. STANTON. That is provided by statute, yes, sir.

OFFICIAL AND CEREMONIAL FUNCTIONS

Mr. HOYER. You indicate in your statement there will be an increase in ceremonial and official functions. Why is there an increase planned in these functions?

Mr. STANTON. Based on the experiences of the past year, sir, in terms of visiting Heads of State, various ceremonial activities in terms of signing a bill into law and inviting the Members of Congress or the Executive Branch to join in to celebrate that particular accomplishment, and there has been an increase in the number of ceremonial activities that reflect the objectives of the Administration in moving certain programs forward.

Also, I might add further, Mr. Chairman, that there are increases in just doing business, that is, putting up tents and other kinds of support equipment and supplies, has increased in cost.

Mr. HOYER. What criteria is used to determine if a function is ceremonial or official and has this criteria changed over time and does the distinction make any difference?

Mr. STANTON. Distinction would make some difference, and there is a general guideline in place that is governed, by the Executive Residence—or by the President. Ceremonial activities, by definition, are those activities that are totally related, intertwined with the Chief Executive carrying out—the President carrying out his Executive responsibilities.

There are, however, private functions that may be held at the White House for which we would be reimbursed and those involving reimbursement by other Federal agencies.

Also, there are visits by Heads of State that may involve the State Department. In those instances, the State Department would reimburse this particular account for support of that particular State Department-sponsored activity.

Mr. HOYER. So the distinction is who pays?

Mr. STANTON. The distinction—right. If it is private, the private individual or organization will reimburse the government for any expenses.

Mr. HOYER. Give me a for instance on that.

Mr. STANTON. If the Democratic Party were to have an affair or if the world football champions were to sponsor something on the grounds that totally is in keeping with a local or private salute, then the sponsors of that event would underwrite the costs. But I might just add that when the grounds of the White House have been traditionally used for private functions, there is no expense to the government.

Mr. HOYER. What is the fiscal year 1995 estimated expense?

Mr. STANTON. The amount budgeted is about $310,000 for official and ceremonial functions. I think this year it is about a $40,000 increase from last year.

Mr. HOYER. What was the 1994 estimated?

Mr. STANTON. About $266,000.

Mr. HOYER. Okay. Mr. Lightfoot.

AUDITS BY THE GENERAL ACCOUNTING OFFICE

Mr. LIGHTFOOT. Thank you, Mr. Chairman.

Good morning, Mr. Stanton. Good to see you again and welcome to the committee this morning.

Last year, I believe you testified that there is a routine audit done by the GAO on the accounts, if my memory is correct. At that time the most recent audit, I think, was for fiscal year 1991. Was that the most recent we have had done or?

Mr. STANTON. GAO has adopted a cycle, sir. It is every two years. I have not personally reviewed the most recent one, but it is done every two years.

Mr. LIGHTFOOT. So it is a routine thing?

Mr. STANTON. Yes, it is. It is built into their audit schedule.

OFFSETTING COLLECTIONS

Mr. LIGHTFOOT. The appropriations for the Executive Residence are offset with offsetting collections. I think you have talked about some of that just a minute ago. Total offsetting collections in 1993 are about $1.2 million. And 1995 estimated at $1.7 million, which is about a 34 percent increase. Why? Were there more activities there or what caused that figure to increase that much?

Mr. STANTON. This with respect—the latter part of your question, if you could repeat that, sir?

Mr. LIGHTFOOT. Yes. In 1995, you are estimating the offsets to be about $1.7 million. That is about a 34 percent increase over the previous year.

Mr. STANTON. Right.

Mr. LIGHTFOOT. Why?

Mr. STANTON. The cost of the personnel services, a pay increase and associated activities. So if we were to deduct all of the non-recurring, we still would not be able to carry out an effective program in the remaining balance, and therefore we have built into this budget some additional increases. But in terms of the net—with respect to the difference between the fiscal year 1994 appropriation and the fiscal year 1995 request, there is a difference of $90,000.

FEDERAL REIMBURSEMENTS

Mr. LIGHTFOOT. It looks like, looking at the figures, that most of that increase is from Federal funds; About a $454,000 jump between 1993 to 1994 and then up to—it went up to $1.39 million in 1994 and up to $1.44 million in 1995, which is a pretty healthy increase there of a couple hundred percent or more.

What accounts for this? And could you give us an idea of where these collections come from? Where do you go to get this additional money?

Mr. STANTON. The additional money—the budget does show that there are some activities that are reimbursed and I think we are showing maybe an estimated reimbursable account of a little bit over a million dollars, and again, that would be——

Mr. LIGHTFOOT. That is reimbursable by?

Mr. STANTON. By State Department.

Mr. LIGHTFOOT. Other Federal agencies?

Mr. STANTON. Other Federal agencies, or if there is some special private activities, those are reimbursable, too.

Mr. LIGHTFOOT. So that is a combination?

Mr. STANTON. Combination. Plus there has been an increase in the request here for official and ceremonial activities.

Mr. LIGHTFOOT. Okay. So—I know it is tough for you to say, but if the Dallas Cowboys should come back for another thing, they would pay for that. That would be part of that?

Mr. STANTON. Yes. If they come back and it could be categorized as a private or if they come back as official guests of the government, then it could be considered an official courtesy extended by the President so it depends again on the nature of activities.

Mr. ISTOOK. Will the gentleman yield?

Mr. LIGHTFOOT. Sure.

Mr. ISTOOK. Did you say if the Cowboys repeat or when they repeat?

Mr. HOYER. He said if, as I recall it, Mr. Istook.

Mr. ISTOOK. Maybe he will revise his remarks.

Mr. LIGHTFOOT. I would ask unanimous consent to revise and extend.

Well, in terms of the reimbursements, is any Federal agency eligible to do this? I mean, is there any limitation? You mentioned State Department and some of the others. I assume, say the Agriculture Department might have functions at the White House and they would reimburse for that, too? Is that how that works?

Mr. STANTON. That could be done. I do not have before me a listing of various Federal agencies that have conducted activities in the White House and have made use of the services—personal services or the support that is provided in this appropriation, and we would be more than happy to research that for you.

Mr. LIGHTFOOT. Okay, yes, I appreciate that.

[The information follows:]

Federal reimbursements come primarily from the State Department, the General Services Administration, and the White House Communications Agency for services and utilities provided, although other Federal government agencies have sponsored activities at the Executive Residence in the past. No Federal government agencies are excluded from the possibility of sponsoring official and ceremonial functions at the Executive Residence.

Mr. LIGHTFOOT. In your written testimony, you said the Executive Residence has met the goals established in the National Performance Review. I know you want to do this for the record, but, briefly, what specifically were those goals and how have they been met?

NATIONAL PERFORMANCE REVIEW

Mr. STANTON. Yes. With respect to fiscal year 1994, and in our testimony before that, we mentioned that the immediate staff of the President, including the Executive Residence, would be the leaders, if you will, in improving upon the efficiency of the operation, and at that time we commented that going into fiscal year 1994, the Executive Residence would be reduced by eight full-time employees and that was a part of the reinventing government initiative.

In addition to that, there was a reexamination of some administrative costs and those likewise were reduced. So carry those reductions into fiscal year 1995, the letter of the reinventing government initiative has been met. The spirit continues in that the staff will

continue to reexamine the staffing makeup, as well as other costs to see whether or not there could be some efficiencies or economies achieved here.

JOGGING TRACK

Mr. LIGHTFOOT. Last year, we talked at great length about the jogging track.

Mr. STANTON. Yes, sir.

Mr. LIGHTFOOT. And a $40,000 ceiling was established for the cost of that, which I understand you met or were under. Are funds still coming in above and beyond the cost of the track and, if so, where are they going and how much?

Mr. STANTON. No, we advised the prospective donors that the ceiling had been met and we retained, I believe, about $10,000 to $20,000 above the amount that was actually needed to construct the jogging trail to allow us to repair on a cyclic basis any damage that may result from its use or a vehicle impact, that kind of thing.

The donations were received and administered by the National Park Foundation, as we discussed last year. However, for those who wish to donate to the government, we offered other suggestions, and of course it would be up to the donor as to whether or not they want to contribute towards the preservation of the Lincoln Memorial, as an example. So those options were spelled out to the respective donor.

Mr. LIGHTFOOT. So you kept, what, roughly $10,000?

Mr. STANTON. Over and above the amount that was actually expended for construction.

Mr. LIGHTFOOT. That is for maintenance?

Mr. STANTON. That is correct. It will be a perpetual maintenance fund.

Mr. LIGHTFOOT. With anyone else who wanted to donate the money, you said it is paid for but here are other options?

Mr. STANTON. That is right, and there are many.

PERSONNEL EVALUATIONS

Mr. LIGHTFOOT. I don't see much around this town that doesn't have a scaffold around it right now.

We had asked that Mr. Walters, the Chief Usher, come down this morning, and the White House declined to do that, because we did want to ask the specific questions into the budget that you indicated earlier that he has jurisdiction over.

I don't know if you know the answer to this question or not, but it is our understanding there is about $98,000 needed to support the merit pay raises that were based on job performance and personnel evaluations with the staff. Last year, $125,000 was requested. Do you know who conducts those job performance reviews and who does the personnel evaluation with the staff, the personal staff?

Mr. STANTON. Yes, all of the employees, receive annual evaluations, and they are done by their primary and secondary supervisor within the organizational structure of the Executive Residence. So they do receive annual performance evaluations.

Mr. LIGHTFOOT. That is done, what, under the auspices——

Mr. STANTON. Of the Chief Usher's office, that is correct.

Mr. LIGHTFOOT. It is his responsibility and duty?

Mr. STANTON. That is correct.

Mr. LIGHTFOOT. Do you know, are there job descriptions in that branch as there are in the Park Service?

Mr. STANTON. There are not job descriptions per se similar to what we may have in another agency.

Mr. LIGHTFOOT. Well, then, how does someone working know what is expected out of you? Is that just handed down by management, that this is what we want you to do?

Mr. STANTON. There obviously is built-in flexibility in terms of what members of the staff will do over a period of time, and there are performance criteria that are laid out in terms of whether or not they are serving in the food preparation or they are serving as a maid or whatever the case may be.

There are general parameters of criteria that are spelled out during the time of appointment and are reinforced during the performance evaluation. And during the course of the year, obviously there would be counseling and appraisal and critiquing of performance.

Mr. LIGHTFOOT. Those folks are Title III?

Mr. STANTON. Yes, and again, as provided in statute, they serve solely at the pleasure of the President, and I could venture that does not necessarily tie in directly with job description or performance or what have you, but based on the discretion and the pleasure of the President.

Mr. LIGHTFOOT. Generally that group is fairly stable from one administration to the next?

Mr. STANTON. My recollection is it has been pretty stable, sir, yes.

Mr. LIGHTFOOT. I see I overran my time limit here.

Mr. HOYER. Mr. Darden.

Mr. DARDEN. Thank you very much, Mr. Chairman.

And Mr. Stanton, again, it is a pleasure to have you and Mr. McDaniel and Ms. Murillo here.

Mr. STANTON. Thank you very much.

OFFICIAL EVENTS

Mr. DARDEN. I want to cover two or three things.

I guess we never think somebody has got to pay the bills on these events that go on. I remember in particular most of us were present for the signing of the peace accord between Arafat and representatives for the government of Israel; that was a glorious day. I would imagine that, for example, is the type of event you are talking about that you really don't perceive happening.

Mr. STANTON. That is correct.

Mr. DARDEN. An event like that would cost money, I suppose.

Mr. STANTON. And we have to respond in a very short period of time, that is correct.

Mr. DARDEN. And I guess you have to bring in temporary labor, maybe contract out with a company or someone that you have worked with to bring all those chairs on the lawn, everything else.

Mr. STANTON. That is correct.

Mr. DARDEN. And how do you plan for those contingencies which are dominated in many instances if not by national events, worldwide events?

Mr. STANTON. I guess in reflecting on what my association has been with the White House or the Executive Residence and the staff there, is that we have been able to respond on a very short notice, but it requires that you have the ability to mobilize the existing resource, that being your personnel and other support, as well as having those contract agencies, organizations that have already met the clearance requirements, what have you, and have for all practical purposes a proven track record of being able to come in and on a short notice prepare the necessary stages or other props that may be needed to have the kind of staging you need to have for particular heads of state to sign a particular document.

VALUE OF WHITE HOUSE MUSEUM COLLECTION

Mr. DARDEN. The other matter that piqued my interest this morning, Mr. McDaniel; you are going into the various restoration of what I would think would be very valuable pieces of furniture and items that we have accumulated over the years. While I understand that there is a certain cost to be attached to the restoration, is there any way of really putting a value on these items that are in existence? I realize we are not going to sell them off, but still, I would imagine that there is tremendous amount of value in those items.

Mr. MCDANIEL. In the history of our country, Mr. Darden, there were times when those items were sold off, auctioned off by a President who was leaving office.

Mr. DARDEN. Who was that, by the way?

Mr. MCDANIEL. It goes back in history. There are several of them. It was common practice, either take it with you or sell off what was in the White House, and we have not much from the incoming Administration. That has changed. The most significant improvements were made in the 1940s and in the 1960s in terms of integrity of the museum collection, and there are very tight guidelines in terms of what is collected, through written policy.

There is a committee that oversees and approves and issues the museum collection and so it is not just an accumulation of items. It is a specific collection. It is an extremely valuable collection. The American Association of Museums a couple years ago recognized that and granted full accreditation to the White House as a museum.

In terms of a monetary value, I think it would be very difficult to do that. We can do appraisals as to what a particular item would bring on the market if it were put up for sale. What that appraisal cannot really include is its White House association.

Mr. DARDEN. You mentioned that the White House is a museum.

Mr. MCDANIEL. That is correct. That is correct, fully accredited.

Mr. DARDEN. Now, when you have the restorations of these valuable items of furniture and other matters you showed us in the photographs a moment ago, I assume you don't just get some carpenter or somebody to put it together. Who restores these very valuable valuables?

Mr. MCDANIEL. First of all, the White House has a professional curatorial staff that oversees that work, and as an oversight, the National Park Service also has a curatorial professional staff that works with the White House Curator's Office. And beyond that

there is a committee, presidential advisory committee called the Committee for the Preservation of the White House, and that includes representatives from the National Gallery of Art, the Director is on that, the Boston Museum of Fine Arts, the Los Angeles County Museum of Art, all have representatives on that committee. So there is a lot of oversight expertise.

But the specific answer to your question is that there are eight or nine contractors and museum shops that were involved in this work and the work was done, depending upon their particular expertise.

For example, the Boston Museum of Fine Arts has an excellent upholstery shop, one of the best in the country, so the head upholster there oversaw the work on the upholstery. And there are contractors who are well-known in the industry for doing that kind of work and that is where we went. We went to the best expertise and craftsmanship for the particular type of work.

WHITE HOUSE AS A UNIT OF THE NATIONAL PARK SYSTEM

Mr. DARDEN. Will you specifically tell us what you do and where you fit in.

Mr. MCDANIEL. The White House is a unit of our National Park System.

Mr. DARDEN. Right.

Mr. MCDANIEL. And so my job as an employee of the National Park Service is to oversee all of the National Park Service operations at the White House and in the park lands around the White House, like Lafayette Park and the Ellipse. So there is tremendous variety. It is everything from cutting the grass to picking up the trash to doing electrical and mechanical engineering design to the park rangers who help with the tours. All of those Park Service operations within the White House area——

Mr. DARDEN. So you are the park superintendent of the White House, then?

Mr. MCDANIEL. Yes, you could say that.

Mr. DARDEN. But you also have the museum part of it, too, as well?

Mr. MCDANIEL. That is right.

One of the things that is different about the White House, as it relates to other units of the national park system, is that in many units the National Park Service has an element of complete control over the area under its jurisdiction at the White House. There are 12 different stewardships and oversight agencies with commissions there, the Secret Service, General Services Administration, White House Military Office, Fine Arts Commission is involved. There are 12 different entities that have some responsibility or mission in the White House area.

Mr. DARDEN. So while we might have the Friends of the Park to contend with, you have got 12 different agencies?

Mr. STANTON. That is correct.

Mr. MCDANIEL. So there is a lot of—it is a management by consensus a lot of times as opposed to the more real clearer line of authority. It is a team approach among all the agencies, and it works best when there is respect for each other's mission, understanding of what we all do, and good communication.

Mr. DARDEN. And I assume that statute is going to cover instances where when Presidents leave they don't either sell off the furniture or take it with them?

Mr. STANTON. That is correct.

Mr. DARDEN. That has been remedied.

Mr. MCDANIEL. That is correct.

One valuable statute is one that requires the Director of the National Park Service every year to conduct a full and complete inventory of all the property in the White House and certify to the President that it is all there, and that is by statute and that is done every year.

Mr. DARDEN. Is that also followed in your responsibilities?

Mr. STANTON. Yes, that is correct.

Mr. DARDEN. To see that that is done, and I assume this is a matter of public record?

Mr. MCDANIEL. Yes, it is.

FUNCTIONS OF THE WHITE HOUSE

Mr. STANTON. The three functions of the White House in its broadest definition through the East and West Wings are threefold. It is, obviously, the seat of the Executive Branch as to where the President has his office. It is also where the President lives and the things that we take a great deal of pride in in this country. It is perhaps the only residence of the head of state that allows the public to tour it daily at least five days a week. So it has served those three functions and compatibly, you know.

Mr. DARDEN. [presiding]. Mr. Istook.

Mr. ISTOOK. Thank you, Mr. Darden.

Mr. Stanton, it's good to see you again. I apologize if anything I ask will be duplicative since I was out answering the roll. I did notice last year that you and I were both born in Fort Worth, Texas, and ended up here.

Mr. STANTON. Yes.

Mr. ISTOOK. So I am sure the fact that you and I moved from there is no reflection on the community. It is a great place.

Mr. STANTON. That is right. That is correct. I just might add as an aside, I should have refrained from using the Cowboys as an example. With all deference to the Chairman, that was a bad example. But as my colleagues in the Park Service can attest, my loyalty runs deep.

Mr. ISTOOK. Is that to the Cowboys?

Mr. STANTON. No other way.

Mr. ISTOOK. I commend your candor, especially considering the environment. In fact, that was—being a die-hard Cowboy fan, too, that was one of my greatest hesitations about running for Congress to be here among all the Redskin fans, but they have both got great traditions.

Mr. STANTON. Yes, certainly.

FUNDING STRUCTURE

Mr. ISTOOK. I did want to ask a couple of things that might help me to understand some of the structure of this.

Mr. STANTON. Yes.

Mr. ISTOOK. The overall budget for the Executive Residence, which is just under $8 million——

Mr. STANTON. That is right.

Mr. ISTOOK. You mentioned, of course, the Office of Administration and the Chief Usher had responsibilities out of that funding, too. If you break it down by dollars, about how much of that is under you through the National Park Service and how much of that in dollars is under the Chief Usher or the Office of Administration?

Mr. STANTON. With respect to this particular budget, sir, 100 percent is under the direction of the Chief Usher.

Mr. ISTOOK. So this figure does not include those functions that they oversee, this $8 million figure does not?

Mr. STANTON. This budget includes what the Chief Usher oversees in terms of the kitchen operation, the caring for the residence of the First Family, and of the other activities. In terms of some of the other activities that Mr. McDaniel outlined in terms of our responsibility at the White House as a unit of the National Park System, that is another budget for which we provide testimony before another subcommittee.

Mr. ISTOOK. So even though it is White House, that is one of those arrangements where that funding is not before us?

Mr. STANTON. That is correct, sir.

Mr. ISTOOK. The consequences of it may be but not the funding?

Mr. STANTON. Yes, sir.

Mr. ISTOOK. So the $8 million is strictly under the Office of Administration and the Chief Usher?

Mr. STANTON. Chief Usher, that is right.

FUNDING FROM OTHER ORGANIZATIONS

Mr. ISTOOK. I wanted to follow up some, yes. There was a discussion a little bit today on the jogging track and I understand the foundation and you provided us figures of donors last year, and you mentioned a surplus. Are there any other foundations or nonpublic entities that are involved in some way in assisting the funding for the operation of the facility, other than the event reimbursements that you mentioned?

Mr. STANTON. At the White House proper?

Mr. ISTOOK. Yes, at the White House proper.

Mr. STANTON. I will ask Mr. McDaniel to discuss—an association known as the White House Historical Association that assists us in terms of providing those services in terms of printed matter, those kinds of things.

Mr. ISTOOK. I am familiar with them. I meant to say other than that and the White House Historical Association. I am just looking to see if there is anything new that I am not aware of. Are there any other entities?

Mr. STANTON. As Mr. McDaniel mentioned, because the White House or the Executive Residence serves those three major functions, where the President lives, it is his office, and it is a unit of the Park System that allows the public to visit. There is a hand and glove relationship between the Park Service, as an example, with the Secret Service. We accommodate the visitor up to the gate. Once the visitor goes through the visitor's center and security

measures are employed, they are then under the guardianship of the uniformed Secret Service which takes them through the White House as opposed to the traditional park ranger. So there is an expense borne by the Secret Service in accommodating visitors to the White House, the Executive Residence, which is not reflected in this budget.

Mr. ISTOOK. I was just interested in any other nonpublic funding. Of course, we know about the White House Historical Association, the foundation through the National Park.

Mr. STANTON. Nonpublic that has a recurring commitment. Obviously, there are many private individuals that are willing to donate artifacts, what have you, that are screened by the committee and this kind of thing.

REIMBURSEMENT PROCESS

Mr. ISTOOK. Sure, okay.

In the oversight over the reimbursement process, this President and any other President of course has a multitude of events. You talked about it. You talked about the reimbursement. But what is the tracking mechanism to establish the threshold issue of whether it is going to be an event that should be reimbursed, then the amount of the reimbursement to bill them, and whether, in fact, the reimbursement has occurred? What is the tracking and reporting mechanism where anybody that wants to look at it is able to track it?

Mr. STANTON. Yes. The expenditures from this budget in terms of support of various activities, ceremonial, that are public or private, are inventoried or put on the computer so you can readily discern the expenses that were incurred with that particular activity.

As I mentioned earlier, with respect to the separation of the expenses, there are some general criteria or guidelines that are followed and have been concurred in by GAO, and we view that each year. I cannot cite for you the specifics of what those guidelines are. We would be more than happy to provide this for the record, but there is detailed accounting of those expenses incurred with private and those that occurred with ceremonial as a part of the President exercising his Executive duties.

Mr. ISTOOK. As far as any public reporting of that, that is limited strictly to what the GAO puts out?

Mr. STANTON. There is not routinely public reporting per se, sir.

Mr. ISTOOK. I would be interested in getting, if you could prepare it and submit it to me, some further information on how that decision process goes, and looking back, for example, over the last year how those were done. It would be very instructional.

Mr. STANTON. We will be pleased to do that, sir.

Mr. ISTOOK. I am talking about specifically what were the events, what were the amounts?

Mr. STANTON. We would be pleased to do that.

Mr. ISTOOK. I appreciate it.

[The information follows:]

All activities held in the Executive Residence are official and ceremonial with the exception of personal activities which are reimbursed by the First Family or political activities sponsored by a political group.

A listing of political activities for which reimbursement was made during FY-93 is as follows:

Date of event	Bill for Collection No.	Event	Amount
11/24/92	3933-3-10	Barbara Bush Literacy Foundation	$7,072.65
12/92	3933-3-15	Christmas Receptions	152,123.06
1/6/93	3933-3-17	Republican Eagles	12,250.71
1/7/93	3933-3-18	Republican Eagles	11,765.18
1/12/93	3933-3-19	Team 100 Club	39,969.51
1/93	3933-3-23	Inaugural Activities	15,638.15
3/15/93	3933-3-31	Refreshments-Democratic National Committee	2,181.75
3/19/93	3933-3-32	Refreshments-Democratic Members of Congress	2,530.97
4/15/93	3933-3-37	Tea-Congressional Spouses	3,838.88
4/28/93	3933-3-39	Dinner-Democratic Members of Congress	2,941.30
5/5/93	3933-3-41	Luncheon-Democratic Group	2,381.16
5/21/93	3933-3-43	Reception-Democratic National Committee	14,557.43
5/25/93	3933-3-44	Meeting-Democratic Members of Congress	882.74
6/9/93	3933-3-53	Reception-Democratic Leadership Committee	3,194.28
6/24/93	3933-3-55	Reception-Democratic Whip	8,802.51
6/28/93	3933-3-60	Refreshments-Freshman Democratic Members of Congress	883.47

YOUNG AMERICAN CHEF'S PROGRAM

Mr. ISTOOK. I am not sure from your presentation, about the Young American Chefs Program that was mentioned——

Mr. STANTON. Yes.

Mr. ISTOOK [continuing]. I don't know if you are the correct person to ask the question, but I was wondering, I think I heard both that it was a volunteer program but that they were seeking $23,000 for it. I was wondering how that meshed. If they are volunteers, why is the money needed?

Mr. STANTON. No, I don't believe I used the word "volunteer," although it would certainly be within the approach we are taking. Our speculation would be that there would be schools. It would be maybe an individual organization that would be willing to underwrite or provide a staffing for a young person to have that experience as a part of their career training.

In the event that should not become available, we feel that it merits our involvement, and therefore are requesting you appropriate the dollars to underwrite that. Obviously, if a school or individual says, we will sponsor that individual for a year, $20,000, $23,000, therefore, we would not need the money for that purpose.

Mr. ISTOOK. So the $23,000, for example, might be a stipend. Someone comes, they are a guest chef for a week or a month, whatever it might be, might receive some sort of compensation for that?

Mr. STANTON. As it is formulated currently, we would have one young American chef, would be with us for a year and would be paid under contract, and the equated salary would be $23,000. But again, if someone comes to us, says that is a great idea, we will just donate $23,000 to this individual and they could live here in Washington and have this experience.

Mr. ISTOOK. I misunderstood, then, how it was intended. All right. I have no other questions.

Mr. STANTON. Thank you kindly.

Mr. HOYER. Mr. Lightfoot, do you have additional questions?

Mr. LIGHTFOOT. We can submit them for the record since I know we are on a short string here.

Mr. HOYER. True. We have three more agencies to testify and we want to see if we can get them in this morning.

Also, I want to make clear, we may supplement some of the questions that have been asked on reimbursement for political activities, the intern position for chefs, but we will submit those questions.

Mr. STANTON. Yes.

EXTERIOR WINDOW PROJECT

Mr. HOYER. There was some indication in your statement that a foreign company is going to be utilized for window replacement or may be utilized to supply windows for this project. Is that the case?

Mr. STANTON. That final determination has not been made. We are still evaluating the quality of the glass by an American company. We would be more than happy to provide further status on that to the committee.

Jim, you want to comment on the glass, the window project?

Mr. MCDANIEL. Mr. Chairman, we have been unable so far to find an American company that would retool to make the glass. There are companies in Europe that still use that old fashioned method and have the equipment in place to do it.

Mr. HOYER. So the problem is not choosing foreign over domestic, but the unavailability of domestic?

Mr. MCDANIEL. That is correct, sir.

Mr. STANTON. And the type of our specification on something that normally is not provided in terms of having a demand for it. Therefore, it would be a special project for the Executive Residence and we are trying to encourage some of the American companies to do that, but should that not be possible, then——

Mr. HOYER. What is the cost of this project, the window replacement?

Mr. MCDANIEL. $800,000.

Mr. LIGHTFOOT. If the Chair would yield on that just a minute?

Mr. HOYER. Absolutely.

Mr. LIGHTFOOT. You hit a point of interest here. In advertising for work on the windows, how did you go about doing that? Are you sure you talked to everybody in the country? The reason I ask that, Pella Windows, which is one of the leading ones in this country, has a custom division plant. I know because it is in my hometown. That is all they do is make custom windows for special projects. Would they have been aware of this? I don't know if they even bid on it.

Mr. MCDANIEL. We work through the American Glass Manufacturers Association and other trade associations and did have a person with long manufacturing expertise who did the canvassing.

The problem is with the American companies, the technology that they are using now does not allow them to produce the size of glass and the type of method that is needed to recreate the historical appearance. You can get reproduction glass, historic glass, but in smaller sizes, or you can get the size that we need but not with the texture and the elements of historic glass in it.

We feel comfortable that there has been a fairly elaborate method to communicate the need, short of taking out ads in newspapers.

Mr. HOYER. Is there a historical trust decision that is made here? And if so, who makes that determination as to whether or not the glass is appropriate? In other words, if Pella Glass could make the size and try to replicate what you have, who would make that determination?

Mr. MCDANIEL. The National Park Service provides historical architectural expertise on a project like this to the chief architect. So there is a professional historical architect who is involved here in the process.

Mr. LIGHTFOOT. Mr. Smith just made a comment here, is this a real thick glass or——

Mr. MCDANIEL. The thickness is not a problem. The problem is with the size and the color. The thickness, I don't remember exactly, but it is probably about three-eights, but that is not the problem. The problem is with the overall size, the dimensions, which are fairly large.

Mr. STANTON. But we would be more than happy to follow up with this particular company.

Mr. HOYER. It is also the texture of the glass, that is to say, when they made the glass, it wasn't real flat.

Mr. STANTON. That is right, and there are some security considerations as well.

Mr. MCDANIEL. We would be pleased, Mr. Lightfoot, to make a contact with the company that you mentioned to see if we can——

Mr. STANTON. Very pleased to do that, yes.

Mr. LIGHTFOOT. Appreciate it. Because I have no idea—they may have already applied and be out of the mix.

Mr. MCDANIEL. If they haven't, we will make sure that we talk with the president of that company.

Mr. LIGHTFOOT. You woke me up when you mentioned it.

Mr. HOYER. Thank you very much, Mr. Stanton. We appreciate your appearance.

Mr. STANTON. Well, thank you.

Mr. HOYER. We look forward to working with you.

Mr. STANTON. Thank you very much.

[The questions submitted for the record and budget justification materials follow:]

QUESTIONS SUBMITTED FOR THE RECORD BY THE COMMITTEE
EXECUTIVE RESIDENCE AT THE WHITE HOUSE
FISCAL YEAR 1995 BUDGET HEARING

Employment Status of Cooks and Ushers

Question. Recent news reports indicate that the White House has recently released cooks and an usher. What is the number of cooks and ushers whose employment status has recently been terminated?

Answer. The total number of employees is five. These include: the Chief Chef, two assistant chefs, one kitchen steward, and one usher.

Question. Are these employees under your jurisdiction?

Answer. These are employees of the Executive Residence, and are under this jurisdiction of this account.

Question. My understanding is that these employees are covered under Public Law 95-570. What does this law say about the authority of the President to hire and fire employees of the Executive Residence?

Answer. Section 105(b)(1) of Public Law 95-570, dated November 2, 1978, states: "Subject to the provisions of paragraph (2) of this subsection, the President is authorized to appoint and fix the pay of employees in the Executive Residence at the White House without regard to any other provisions of law regulating the employment or compensation of persons in the Government service. Employees so appointed shall perform such official duties as the President may prescribe."

Question. Over the past weekend, there were news reports that the usher claims he was fired because of computer assistance he provided to the Former First Lady. Would you agree with this assessment, and if not, what is the reason this employee was released from his job?

Answer. All employees at the Executive Residence serve "at the pleasure of the President" and are aware of this fact from the time of their initial employment. The specific reasons for personnel actions are considered confidential.

Question. Why were the cooks released from their jobs?

Answer. Once again, all employees at the Executive Residence are aware from the time of their initial employment that they serve "at the pleasure of the President". The Executive Chef resigned, and the reasons for the involuntary separation of the two assistant chefs and the kitchen steward involve the desire for a new philosophy in the kitchen, and the need for the new chef to select his own culinary team.

Ceremonial and Official Functions

Question. Your statement indicates there will be an increase in ceremonial and official functions. Why is there an increase planned for these functions?

Answer. This increase is estimated on the planned activities of the President.

Question. What criteria are used to determine if a function is ceremonial and official and has this criteria changed over time?

Answer. No, the criteria has not changed over time. All activities held in the Executive Residence are official and ceremonial with the exception of personal activities which are reimbursed by the First Family or political activities sponsored by a political group.

Question. The FY 1994 estimated funding level for ceremonial functions was $266,000. What is your current estimate for FY 1994?

Answer. At present, the estimated figure has not changed.

Question. What is the estimated cost, including contract costs associated with the FY 1995 request for ceremonial functions and how does this level compare with the FY 1994 and 1993 levels?

Answer. The current estimate for FY-95 is $316,000 and reflects an increase of $40,000 for services associated with increased official and ceremonial functions as well as some additional premium pay costs associated with official events.

Question. What is the estimate on the number of ceremonial and official functions in FY 1995 and how does that compare with FY 1994 and 1993.

Answer. There are a number of functions which take place at the Executive Residence where the cost is minimal, such as small teas during normal work hours. In contrast, other types of functions require a good deal of set-up and take-down, as well as rental of tents and other equipment. These types of events, which often take place during the evening or on weekends, result in a much greater expense. Therefore, the number of individual events has not proven to be a reliable indicator of cost, and is not used for estimating purposes.

Reimbursement for Political Activities

Question. When an activity or function does not fall under the category of official or ceremonial, what are the requirements for reimbursement to the Executive Residence for the expenses it has incurred?

Answer. The sponsoring organization is required to reimburse the Executive Residence for all costs incurred for the event.

Question. Are these reimbursements audited by the General Accounting Office and if so, have they found any problems in the past five years?

Answer. Yes, the reimbursements are included in the audit by the General Accounting Office. No significant problems have been noted in these accounts during the past five years.

Question. Is there a requirement to submit reimbursement within a certain time frame after the event?

Answer. There is no formal requirement. However, the internal policy of the Executive Residence is that reimbursement be made within 60 days.

Question. Have any groups missed this requirement by any significant amount of time?

Answer. No.

Question. What are the measures taken by the Executive Residence to collect on accounts owed for events?

Answer. Bills of collection are sent directly to the sponsoring organization.

Question. What is the estimated level of reimbursement for fiscal year 1995 and how does that compare to fiscal years 1993 and 1994?

Answer. The levels of reimbursement are estimated in advance and can fluctuate significantly from one year to another. The estimate for FY-93 was $1,640,000, however, the actual level of reimbursable activities was lower than the estimate, totalling $1,280,000. In FY-94, the estimate for reimbursable activities is $1,660,000 and in FY-95 the estimate is $1,710,000, reflecting a 1 percent projected increase in FY-94 over the FY-93 estimate; and a 3 percent projected increase in FY-95 over the FY-94 estimate.

Question. Last year you provided data on reimbursed activities through May 15, 1992. For the record, please provide this same data for reimbursed activities from May 15, 1992 through September 30, 1994.

Answer. The information follows:

Date of event	Bill for Collection No.	Event	Amount
11/24/92	3933-3-10	Barbara Bush Literacy Foundation	$7,072.65
12/92	3933-3-15	Christmas Receptions	152,123.06
1/6/93	3933-3-17	Republican Eagles	12,250.71
1/7/93	3933-3-18	Republican Eagles	11,765.18
1/12/93	3933-3-19	Team 100 Club	39,969.51
1/93	3933-3-23	Inaugural Activities	15,638.15
3/15/93	3933-3-31	Refreshments-Democratic National Committee	2,181.75
3/19/93	3933-3-32	Refreshments-Democratic Members of Congress	2,530.97
4/15/93	3933-3-37	Tea-Congressional Spouses	3,838.88
4/28/93	3933-3-39	Dinner-Democratic Members of Congress	2,941.30
5/5/93	3933-3-41	Luncheon-Democratic Group	2,381.16
5/21/93	3933-3-43	Reception-Democratic National Committee	14,557.43
5/25/93	3933-3-44	Meeting-Democratic Members of Congress	882.74
6/9/93	3933-3-53	Reception-Democratic Leadership Committee	3,194.28
6/24/93	3933-3-55	Reception-Democratic Whip	8,802.51
6/28/93	3933-3-60	Refreshments-Freshman Democratic Members of Congress	883.47

Intern Position for Chefs

Question. The budget request includes $23,000 to initiate an intern position at the White House for Young American Chefs. What is the rationale for establishing such an internship?

Answer. This intern program is being established to provide valuable experience to young American chefs in cooperation with leading culinary schools. This position will be part of the service-by-agreement system. The availability of support from this position will reduce the number of additional assistants required.

Question. Why is it necessary to establish such an internship, are there not sufficient American-style chefs in various restaurants around the United States?

Answer. This intern program was designed to work with the educational institutions to assist in the training of young inexperienced chefs and was not intended to be commercialized by involving restaurants and other businesses.

Question. Why is this a White House program instead of a program initiated by a local restaurant?

Answer. This internship was designed to provide an educational opportunity in the unique setting of the Executive Residence.

Question. What is the anticipated result of this internship program? Would the chef stay on as a permanent employee of the Executive Residence?

Answer. The intern program will support the needs of the Executive Residence kitchen while providing a learning opportunity for the intern chef and support of the American Culinary institutions. The intern position will be for a fixed duration not to exceed one-year. At the completion of that time period, another intern chef would be provided this educational opportunity.

Question. Do you plan to continue this internship in the future and if so, what is the future of such a program?

Answer. If funding is appropriated for this proposal, the program will continue and future culinary students will be selected to participate in the program.

Question. Why is it necessary to have full-time chefs which support the White House?

Answer. These full-time positions provide meals to the First Family and their guests, as well as all meals prepared for all of the official and ceremonial functions of the Presidency held at the Executive Residence.

Use of Foreign Company for Window Replacement

Question. Your statement indicates that you may consider a foreign company to provide the windows necessary for the replacement project. Why is it necessary to use a foreign firm to supply windows for this project?

Answer. A final decision has not yet been made on the historic glass. However, to date domestic manufacturers have not been able to meet the requirements to produce panes which meet the stringent requirements for reproduction of the qualities of the historic glass including size, texture, color and strength.

Question. Is there another option, such as changing the requirement, which would allow a U.S. firm to provide these windows?

Answer. Because of the historic importance of the White House to our Nation, it is considered essential that the reproduction glass be consistent with the existing historic glass which will continue to be utilized.

Question. What is the estimated cost of the window replacement project?

Answer. The original estimate for the project was $800,000, however, due to a sequester in the year of the appropriation, the funds available were reduced to $790,000. At present, this amount is believed to be sufficient to complete the project.

QUESTIONS SUBMITTED FOR THE RECORD BY CONGRESSMAN MCDADE

Question. Your testimony indicates that the Chief Usher is directly accountable for all expenditures. Is the Chief Usher responsible for overseeing expenditures of ongoing Executive Residence projects such as: exterior renovation, curatorial conservation, the exterior windows, kitchen renovations, and public tours?

Answer. Yes, the Chief Usher is responsible for overseeing these expenditures.

Question. Is the Chief Usher responsible for supervising Executive Residence staff? Is the Chief Usher responsible for overseeing the expenditure of appropriated funds for the Executive Residence of the President?

Answer. Yes, the Chief Usher is responsible for supervising the Executive Residence staff as well as overseeing the expenditure of appropriated funds.

Question. Executive Residence staff are authorized under Title 3. Basically, this means that the President is authorized to appoint and fix the pay of these employees; they serve at the pleasure of the President. Mr. Stanton's testimony indicates that $98,000 is needed to support merit pay raises based on job performance and personnel evaluations. Last year, $125,000 was requested for this same purpose. Who conducts job performance and personnel evaluations? Who appoints Executive Residence personnel? Determines salaries?

Answer. Employee supervisors prepare performance appraisals for each employee on an annual basis and these are reviewed by staff in the Usher's Office. The President appoints Executive Residence personnel and determines salaries with the recommendations of the Chief Usher.

Question. The President is calling for cuts of 252,000 in the Federal workforce over the next six years. There are not cuts proposed in the Executive Residence over the 1994 to 1995 period. Is the Executive Residence of the President exempt from personnel (FTE) reductions? Are any personnel reductions anticipated in future years?

Answer. The staffing level of Executive Residence was reduced by a total of 8 full-time permanent positions in FY-94, and therefore the Executive Residence has met its goals for personnel reductions through Fiscal Year 1997.

Question. During hearings on the FY 1994 request for the Executive Residence, Mr. Stanton testified that projections for Official and Ceremonial functions of the Presidency for FY 1993 were $262,000 and for FY 1994 were $266,000. What is the actual amount for FY 1993? The revised 1994 estimated? The projection for FY 1995?

Answer. The FY-93 actual expenditure for official and ceremonial functions was $308,500. The estimates for FY-94 have not changed, and projection for FY-95 is currently $316,000.

Question. Last year you testified that all Executive Residence accounts are routinely audited by the General Accounting Office. At this time, the most recent audit was for FY 1991. Was the FY 1991 audit the most recent audit? Are these performed on an annual basis.

Answer. Yes, the FY-91 audit is the most recent on record. The next scheduled audit will take place later this year and will review the FY-93 budget. The audits are routinely scheduled on a biannual cycle.

Question. In the absence of routine audits, how does one keep track of official and ceremonial functions versus personal expenses of the first family?

Answer. The First Family routinely provides reimbursement for their personal food and beverage and any incidental expenses charged to the Executive Residence account. These expenditures, as well as those for official and ceremonial functions, are captured by the accounting system. The audits by the General Accounting Office routinely take place every two years.

Question. Appropriations for the Executive Residence are offset with offsetting collections. In 1993, total offsetting collections were $1,280,000. In FY-95, they are estimated to be $1,710,000, an increase of 34%. What accounts for this 34% increase in offsetting collections?

Answer. Offsetting collections are estimated in advance and can fluctuate significantly from one year to another depending upon the activities and responsibilities of the President. The estimate for FY-93 was $1,640,000, however, the actual level of reimbursable activities was significantly lower than the estimate, totalling $1,280,000.

Question. Along the same lines, most of this increase in offsetting collections is from Federal funds. In fact, offsetting collections from Federal funds jumped from $454,000 in 1993 to $1,390,000 in 1994 and $1,440,000 in 1995. This is an increase of 220% over two years. What accounts for this 220% increase in offsetting collections from Federal funds? Which Federal agencies make these payments? For what activities? What are considered allowable activities? Has this changed over the past two years. What has changed to cause this tremendous surge in offsetting collections?

Answer. The $454,000 figure represents the actual reimbursement from Federal sources in FY-93. Once again, the levels of reimbursement are estimated in advance and are subject to significant fluctuations from one year to the next. The original estimate for the Federal portion was $1,370,000. Therefore, the anticipated Federal reimbursement was significantly different that which actually occurred.

Most Federal reimbursements come primarily from the State Department, the General Services Administration, and the White House Communications Agency for services and utilities provided. Differences in Federal reimbursements are primarily due to world events and often depend upon the number of dignitaries visiting the United States on official State Visits. In FY-91 the Federal reimbursement totalled $1,046,000 and in FY-92 the Federal portion was $326,000.

Question. Your testimony indicates "the Executive Residence has met the goals established in the National Performance Review." Specifically, what are these goals and how have they been met.

Answer. The staffing level of Executive Residence was reduced by a total of 8 full-time permanent positions in FY-94, which exceeded the requirements of the National Performance Review. As previously stated, the Executive Residence has met the staffing reduction goals through Fiscal Year 1997. Additionally, the FY-95 budget is $57,000 below the administrative baseline, a net reduction in administrative expenses of $26,000.

QUESTIONS SUBMITTED FOR THE RECORD BY CONGRESSMAN LIGHTFOOT

Question. To date, what is the total amount expended for FY-94 merit pay raises based on job performance and personnel evaluations. Did any chefs or ushers receive these merit increases?

Answer. Executive Residence merit pay raises take effect in May, and none have been given to date.

Question. Over the past 12 or 13 years, how many ushers have been asked to leave the White House -- for example, when the Reagan or Bush Administrations took office? How about chefs, calligraphers, florists, etc.?

Answer. During that period of time, one chef has been asked to resign. Additionally, one florist and one calligrapher position were eliminated due to the FY-93 staffing reduction.

Question. Have any of these requests been based on unsatisfactory job performance evaluations? Without disclosing any details that might infringe upon the privacy of these employees, were these employees notified of unsatisfactory job performance evaluations? Did any of these employees receive severance packages?

Answer. No, none of these employees received sub-standard job evaluations. Yes, even though not required, severance pay packages were provided within established Federal employment guidelines.

QUESTIONS SUBMITTED FOR THE RECORD BY CONGRESSMAN WOLF
QUESTIONS FOR GARY WALTERS, CHIEF USHER

The White House Jogging Track

Question. Could you discuss the role of your office in handling the construction of the White House jogging track and your office's involvement in handling the donations and payments regarding the track. How much did the jogging track cost?

Answer. The total cost of the jogging track was $32,992. Funds for the construction of the track were raised through the National Park Foundation and payments were handled by the National Park Foundation.

Question. How much was raised from private sources? How was the fundraising conducted? Please provide a list of all contributors to the jogging track fund.

Answer. A total of $49,625 was raised from a variety of individuals and organizations. These funds were donated to the National Park Foundation for the purpose of funding the construction of the jogging track.

Donations to the National Park Foundation for White House Jogging Track:

Virginia Ellen Green	$25
Irving C. and Anna Lee Rubin	25
James M. Klosty	100
Harvey L. Levin	5
Samuel J. Agger	50
Forum Publishing, Inc.	1,000
Occupational Therapy Forum, Inc.	1,000
Senator Robert Dole	250
Bruce Kearns	1,000
Miriam M. Wood	1,000
Richard Keefe, Ph.D.	100
Ed and Dorothy Stevenson	50
Robert and Gay Carver	50
New York Road Runners Club	1,000
National Park Foundation	1,000
Michael X. St.Martin	1,000
Susan Leonard	150

Donations to the National Park Foundation for White House Jogging Track: (cont'd)

Employees of the North American Health Insurance Coordinators, Inc.	1,000

Cameron E. Frye	Ronnie King
Brian E. Renaud	Annette Lyons
Ronnie Wimberly	Darrin Moore
Luisa Beltran	Thomas Coffman
Arnie Grable	Gary Stankowski
Gretchen Kleen	George Bedre, Jr.
Gina Longoria	Judith Bell
Liliana Marin	Nydia Cantu
Mark Moore	El Wanda Johnson
Patricia Garcia	Magda LaRotta
Natalia Arreola	Ryne Manahan
Maribel Cantu	Kamran Rezapour
Magdalena Iturbe	Robert Wimberley

James C. Palmer	15
Josephine Becker	50
James E. Elliot, Barbara Emerson, Lee Elliot, Allyce Elliot	100
Jerry D. and Sarah Jo Parker	200
Joseph and Lynn Brock	35
S. Sanford Kornblum, M.D.	1,000
Charlene S. Kornblum, M.D.	1,000
Maurice and Carmel Manning	250
Stanley W.T. Wan	250
Mark and Alyson M. Gustafson	200
Arthur Rock	1,000
Kenneth and Jacqueline I. Czinke	20
George W. Herndon	1,000
Owen R. Gillbergh	1,000
Bruce B. Henderson	100
Deborah Y. Monticue	100
Henry Bernstein	100
Ken and Suzanne Parsons	50
Susan C. Peterson and Family	50
Virginia R. St.Martin	500
Michael St.Martin, Jr.	500
Christopher J. St.Martin	500
Steven P. St.Martin	500
American College of Sports Medicine	500
David A. Hoines, P.A.	1,000
Frances W. Brown	20
Aileen Mursten	1,000
Lawrence I. Hewes III and Mary D. Hewes	100
NRG Resources, Inc.	1,000
Clarence W. and Jackie S. Perkins	20
Carrie Anne Mason	50
Nora May Long	5
Stephanie M. Aldrich	5
Thomas N. Bethell	50
Barbara A. Conrard	15

Donations to the National Park Foundation for White House Jogging Track: (cont'd)

Charles A. Conrard III	15
Lester and Saydell Agranovitch	50
Hugh D. and Helen A. McClafferty	10
Edith J. and Norman Greenberg	15
National Tire Dealers and Retreaders Association, Inc.	1,000
Meredith C. Lewis	15
Marshall H. Smith III	25
Charles Argubright	1,000
David F. and Jacqueline Leverone	100
Raymond W. Daum	25
Joseph A. and Sue A. Tyler	30
Anthony Daniel Bell	10
Mr. and Mrs. Avron B. Fogelman	250
P. Vaughan Mazursky	50
Bryon E. and Vicki L. Tracy	10
Cynthia Hart Villasenor	200
Peter J. Pappas	10
John J. and Judith J. Duval	1,000
Lari Nusinov (Lari's Hairworks)	50
John A. V. and Elvira Breslin	75
Stanley C. and Lorraine G. Kodey	25
James McKay Morton	20
Dorothy J. Ciotoli	25
Jack and Mercene Chegwidden	70
Evan M. and Rhonda Gloria Migdail	100
George D. Smith	100
Gerard Deltufo	25
Michael J. Rose, Jr.	500
Guilford Glazer (Beverly M. Boyle)	1,000
Paul and Margaret Murray	100
Nike, Inc.	1,000
NIKE International, Ltd.	1,000
NIKE Employees (397 checks)	1,908
W.M. and Irene Roberts	10
Regina Bartley Cross	100
Polly A. Mefford	25
Mr. and Mrs. Peter Malkin	500
Alvin Deutsch	500
Francois D. Martzloff	25
TSI M Street, Inc.	1,000
Kalorama Sports Management Associates	1,000
Capitol Hill Squash Club Associates	1,000
American Podiatric Medical Association, Inc.	1,000
Woodrow L. Hayes	100
Carrie Roberts	10
Donald H. Lauber	10
Tom's Cookies Inc.	250
Charlotte Alexander	25
Jack F. Pearse	1,000
Shirley Mallis	25
Eric Cox	10

Donations to the National Park Foundation for White House Jogging Track: (cont'd)

Bruce and Sherry Burrow	500
Chandini M. Bachman	27
Fred K. Darragh, Jr.	100
Duke Hayes	100
Peggy O'Neal	25
Margaret M. Skelly and Dr. Jerome P. Skelly	25
Boston Running Club	100
Scott and Michelle McClure	5
Harvey B. Simon, M.D.	50
C.J. Giroir, Jr.	1,000
Janinne Giroir	1,000
Henry Watt Gregory III	1,000
Gordon Y. Allison	1,000
Joe and Elizabeth Mowery	1,000
William Lee Grace, Jr.	1,000
Michael G. Smith	1,000
Janne Giroir Siegel	1,000
Brian H. Siegel	1,000
Jolie Giroir	1,000
Thomas and Karen Akin	100
Mr. and Mrs. Lilburn W. Carlisle	50
Dewayne and Collette Piles	50
The American Sunbathing Association, Inc.	1,000
DiGeronimo Associates-materials	9,400

Question. If more money was raised than was needed, what was done with the surplus? If less money was raised than was needed, how was the billing handled?

Answer. The surplus of $16,633 is being held by the National Park Foundation, with the permission of the donors, to be used for any repair or cyclic maintenance that may be required over the years in the maintenance of the trail.

Question. Were any public funds or resources used to build the track?

Answer. The Executive Residence planned and provided the supervision of the installation of the jogging track. National Park Service received reimbursement in the amount of $2,992 from the National Park Foundation for the provision of labor to prepare the area for installation of the track and for landscape touch-up after installation.

EXECUTIVE RESIDENCE AT THE WHITE HOUSE
FY 1995 Appropriations Summary Statement

This budget provides for the care, maintenance, repair and alteration, refurnishing, improvement, heating, and lighting, including electric power and fixtures, of the Executive Residence at the White House and official entertainment expenses of the President; $7,827,000 to be expended and accounted for as provided by 3 U.S.C. 105, 109-110, 112-114. (Executive Office Appropriations Act, 1994)

The Fiscal Year 1994 appropriation for this account is $7,925,000 as provided in Public Law 103-123. The Fiscal Year 1995 budget provides $257,000 for increases in pay necessitated by the anticipated 1995 cost of living adjustment, the impact of 1994 locality pay increase, routine merit and step increases, and increases in benefit costs. Funds in the amount of $60,000 are requested to cover the premium pay for support to projects and events; and $23,000 is requested to establish an intern position for young American chefs. Funds totalling $40,000 are also requested to cover the cost of services in support of official and ceremonial functions and $37,000 is requested for needed supplies. These increases are offset by the non-recur of the curatorial conservation project ($100,000), the computer project ($50,000), and the elevator rehabilitation and lighting replacement projects ($385,000).

EXECUTIVE RESIDENCE AT THE WHITE HOUSE

Justification for Appropriation, Fiscal 1995
(in thousands of dollars)

Activity:	1993 ACTUAL	1994 ESTIMATE	1995 ESTIMATE	INCREASE DECREASE
Operating Expenses				
Operating Expenses	7,540	7,540	7,827	+287
Elevator Rehabilitation Project		235		-235
Exterior Lighting Project		150		-150
Full-time Permanent Positions	(93)	(89)	(89)	-0-

Authorization: 3 U.S. Code 105, 109-110, 112-114

Objective: To provide for the care, maintenance, repair, alteration, refurnishing, improvement, air conditioning, heating, and lighting (including electric power and fixtures) of the Executive Residence at the White House, and Official and Ceremonial functions of the President.

Program: The Executive Residence staff provides for the operation of the Executive Residence. A staff of 36 domestic employees accomplishes general housekeeping, prepares and serves meals, greets visitors, and provides services as required in support of official and ceremonial functions. A staff of 33 tradespersons, including plumbers, carpenters, painters, on a single shift; electricians on a double shift; and operating engineers on a 24-hour basis, maintains and makes repairs, minor modifications, and improvements to the 132 rooms and the mechanical systems and provides support for official and ceremonial functions.

A staff of 12 specialized employees provides services necessary to the operation of the White House and official and ceremonial functions. This staff includes 4 florists, 4 curators and 4 calligraphers.

An administrative staff consists of the Chief Usher, 4 Assistant Ushers, 1 Executive Grounds Superintendent, 1 Operating Accountant, and 1 Administrative Officer. The staff is charged with management and administrative functions of the Executive Residence. This requires coordination with the Executive Office of the President, the National Park Service, the Military, the United States Secret Service, the General Services Administration and other agencies.

During larger events, the Executive Residence staff is assisted by contracted personnel under personal services contract agreements ("Services by Agreement") to provide additional help as required for official and ceremonial functions.

Current Accomplishments

The White House is maintained as a home for the President and his family and serves as a facility for Official and Ceremonial functions. Several projects are currently underway, and substantial progress has been made in the past year.

Exterior Restoration Project - The exterior of the Executive Residence is undergoing the final phases of an extensive restoration. This work, begun in April of 1980, has involved the removal of some 30 to 50 layers of paint from the exterior walls, repair of deteriorated stone substrates, and repainting with a modern coating system. The initial FY-88 appropriation for this work was $2.4 million, with additional appropriations of $1.2 million in FY-91 and $1.1 million in FY-92 to complete the project. To date, all paint removal has been accomplished. Stone restoration has been completed on both the North and South faces, including the North and South porticos, with repainting completed on the entire North and South faces. Restoration of the East face has already begun and restoration of the west face is scheduled to begin in Spring, 1994.

Curatorial Conservation Project - The Executive Residence has also recently begun the fifth and final phase of a curatorial conservation project. This project was initiated in FY-90, with the appropriation of $125,000, and funding has continued in each succeeding year with the appropriation of $100,000. Funding of this project has enabled the conservation and repair of numerous objects in the White House collection including numerous furniture items from the Blue Room, Red Room and Green Room, as well as several objects in the Library, Ground Floor Corridor, President's Dining Room and Yellow Oval Room. This conservation effort initially focussed on those items most urgently needing repair due to structural damage. Later phases have included gilding work on objects in the Blue Room and Cross Hall; conservation of Lincoln era and other 19th century furniture in the Green Room, State Dining Room, Map Room, Vermeil Room and the Ground Floor Corridor; and conservation of selected items in White House storage.

Exterior Window Project - In FY-90, $800,000 was appropriated for replacement of the exterior windows at the Executive Residence. This project entails replacement of both the window glass and the wooden window components that were last restored during the 1948-52 Truman Renovation of the White House. Production of historically accurate window glass is a major component of this project, and two domestic glass manufacturers have been approved to produce sample panes. Final prototype runs have been ordered from two domestic manufacturers attempting to duplicate the process/product. A final decision on these final prototypes will be made in early June. If the domestic manufacturers cannot improve the quality to the required specifications, the glass will be ordered through an American

company but the panes themselves will be produced in Germany. One of their existing products duplicates the original glass both in process and quality to the extent that it is indistinguishable from the existing glass.

Kitchen Renovation - In FY-91, $500,000 was appropriated for renovation of the White House kitchens. Work on the staff and pastry kitchens has been completed and these two facilities are fully operational. The remaining work to be completed on the main kitchen has begun. The final design has been accepted and work will be accomplished as the schedule permits.

Public Tours - In addition to the ongoing project work, the White House is open to public view Tuesday through Saturday each week in addition to some national holidays, the evening Candlelight Tour at Christmas, the Easter Monday Egg Roll, and Garden Tours. During 1993, an average of 5,113 visitors toured the White House during each of the 214 open days. The Easter Egg Roll held on April 12, 1993, was participated in by 32,551 people. In 1993, both the White House grounds and the ellipse area were used for this event, resulting in an 82 percent increase in participation.

Major Budget Considerations

Funds are needed in FY-95 for increases in pay necessitated by the anticipated 1.6 percent cost of living adjustment, the impact of 1994 locality pay increase, and routine merit and step increases. Because Administration policy called for the absorption of the locality pay increase in both FY-94 and 95, important funding needs for curatorial services, replacement supplies, and equipment have been deferred. Funds are also requested to cover the increased cost of official and ceremonial functions, and to establish an intern position for young American chefs. These increases are offset by the non-recur of the curatorial conservation project ($100,000), the computer project ($50,000), and the elevator rehabilitation and lighting replacement projects ($385,000). The Executive Residence has met the goals established in the National Performance Review. The proposed budget is $57,000 below the administrative baseline, a net reduction in administrative expenses of $26,000. The Executive Residence is also in compliance with the FTE levels established for FY-95.

Agency Request - Fiscal Year 1995

Current programming problems can be resolved with increases as follows:

1. Funding is required for the remaining quarter of the FY-94 locality pay increase occurring in FY-95. Other important needs have been deferred to provide funding within this level . . . . . +58,000

2. Funding is required for regular personnel step increases and merit pay raises based on job performance and personnel evaluations . . . . . +98,000

Agency Request - Fiscal Year 1995 (cont'd)

3. Personal benefits costs have risen due to the increased costs associated with the Federal Employees Retirement System (FERS), as well as recent increases in the government's share of employee health insurance . . . . . +24,000

4. Funds are needed to cover the anticipated 1.6% pay raise scheduled to go into effect in January, 1995 . . . . . +77,000

5. Funds are needed to cover increases in premium pay for support to projects that require after-hours and weekend participation by the regular staff. These projects include support to the ongoing rehabilitation projects, routine maintenance projects, as well an anticipated increase in official and ceremonial functions of the Presidency . . . . . +60,000

6. Funding is needed to provide a variety of services associated with increased official and ceremonial functions of the Presidency. These services primarily consist of rental of equipment . . . . . +40,000

7. A moderate increase in utility costs at the Executive Residence is anticipated . . . . . +7,000

8. Funds are also requested to cover the cost of establishing an intern position for young American chefs within the service-by-agreement ranks in support of food preparation for official events. For larger events, the Executive Residence routinely engages service-by-agreement chefs and, within this framework, would like to establish an intern/trainee position $23,000

9. Additional funds are needed to cover the cost of curatorial cleaning and repair . . . . . +5,000

10. Funds are also needed to cover the cost of replacement table linens, and housekeeping supplies, as well as exterior paint, electrical and carpentry supplies. These items need to be periodically replenished due to normal usage . . . . . +24,000

11. The Executive Residence is also experiencing inflationary increases in the cost of routine supplies and materials . . . . . +$13,000

12. Funds are needed to cover inflationary increases associated with a variety of services including routine elevator maintenance, and increases in pay rates for Service-By-Agreement employees . . . . . +$6,000

13. A small increase in the cost of official travel is anticipated . . . . . +$2,000

Agency Request - Fiscal Year 1995 (cont'd)

The cost of these increases will be offset by the following reductions:

14. The five-year curatorial conservation project will be completed at the end of fiscal year 1994, therefore, funding of this project does not recur in FY-95 . . . . . -100,000

15. The computer enhancements funded in fiscal year 1994 are one-time in nature and do not recur in FY-95 . . . . . -50,000

16. Funds requested in FY-94 for modernization of the elevators within the Executive Residence do not recur in FY-95 . . . . . -235,000

17. Funds included in the FY-94 budget for replacement of the exterior lighting system at the Executive Residence do not recur in FY-95 . . . . . -150,000

Net Decrease . . . . . -98,000

End of Year Spending

As directed by the House of Representatives Subcommittee on the Treasury, Postal Service and General Government Appropriations, the Executive Residence at the White House will insure that necessary procedures are in place to review end of year spending. The Executive Residence routinely conducts a rigorous review of year-end spending to insure that funds are obligated only for necessary items. The Chief Usher is directly accountable for all expenditures and is charged with the review of year-end spending.

EXECUTIVE RESIDENCE AT THE WHITE HOUSE

Analysis of Resources
(Dollars in thousands)

	FY 1993 Actual	FY 1994 Estimate	FY 1995 Estimate	Increase(+) Decrease(-) 1995 Compared With 1994
Operating Expenses	7,598	7,925	7,827	-98
Outlays	8,700	8,309	8,441	+132
Full-time equivalent employment	93	89	89	-0-

Note: Outlays include funds from previously appropriated no-year accounts for ongoing capital improvement projects.

EXECUTIVE RESIDENCE AT THE WHITE HOUSE
Total

SF 300
[illegible]-Mar-94

IDENTIFICATION CODE 11-0210-0-5-802	1993 actual	1994 estimate	1995 estimate
Program by activities:			
00.01 Direct Program:	7,999	8,768	8,599
01.01 Reimbursable Program:	1,280	1,660	1,710
10.00 Total Obligations	9,279	10,428	10,309
Financing:			
21.00 Unobligated balance available start of year	-2281	-1822	-979
24.40 Unobligated balance available, end of year	1,822	979	207
25.00 Unobligated Balance lapsing	58		
39.00 Budget authority (gross)	8,878	9,585	9,537
Budget authority:			
Current:			
40.00 Appropriation	7,598	7,925	7,827
Permanent:			
68.00 Spending authority from offsetting collections	1,280	1,660	1,710
Relation of obligations to outlays:			
71.00 Total obligations	9,279	10,428	10,309
72.40 Obligations balance, start of year	1,212	477	936
74.40 Obligated balance, end of year	-477	-936	-1094
77.00 Adjustments in expired accounts	-34		
87.00 Outlays (gross)	9,980	9,969	10,151
Adjustments to budget authority and outlays:			
Deductions for offsetting collections:			
88.00 Federal Funds	-454	-1390	-1440
88.40 Non-Federal sources	-826	-270	-270
88.90 Total, offsetting collections	-1280	-1660	-1710
89.00 Budget authority (net)	7,598	7,925	7,827
90.00 Outlays (net)	8,700	8,309	8,441

EXECUTIVE RESIDENCE AT THE WHITE HOUSE
Total

IDENTIFICATION CODE 11-0210-0-5-802	1993 actual	1994 estimate	1995 estimate
Direct Obligations:			
Personnel Compensation:			
11.1 Full-time permanent	3,925	4,133	4,279
11.5 Other personnel compensation	1,037	1,202	1,316
11.9 Total Personnel Compensation	4,962	5,335	5,595
Other:			
12.1 Personnel benefits: civilian	795	761	818
21.0 Travel & Transportation of persons	2	9	11
23.2 Communications, utilities, rent	294	346	353
24.0 Printing and Reproduction	2	0	0
25.0 Other Services	840	1,649	1,117
26.0 Supplies and materials	1,054	610	647
31.0 Equipment	50	58	58
99.0 Subtotal, direct obligations	7,999	8,768	8,599
Reimbursable Obligations			
11.5 Other personnel compensation	202	145	149
23.2 Communications, utilities, rent	336	465	479
24.0 Printing and reproduction	48	85	88
25.0 Other Services	434	325	335
26.0 Supplies and materials	260	640	659
99.0 Subtotal, reimbursable obligations	1,280	1,660	1,710
99.9 Total Obligations	9,279	10,428	10,309
Total compensable workyears:			
Full-time equivalent employment	93	89	89
Full-time equivalent of overtime and holiday hours	21	16	16
Reimbursable program:			
Full-time equivalent employment	--	--	--
Full time equivalent of overtime and holiday hours	3	3	3

EXECUTIVE RESIDENCE AT THE WHITE HOUSE
Salaries and Expenses – Only

300
10–Mar–94

IDENTIFICATION CODE 11–0210–0–5–802	1993 actual	1994 estimate	1995 estimate
Program by activities:			
00.01 Direct Program:	7,540	7,925	7,827
01.01 Reimbursable Program:	1,280	1,660	1,710
10.00 Total Obligations	8,820	9,585	9,537
Financing:			
21.00 Unobligated balance available start of year	0	0	0
24.40 Unobligated balance available, end of year	0	0	0
25.00 Unobligated Balance lapsing	58		
39.00 Budget authority (gross)	8,878	9,585	9,537
Budget authority:			
Current:			
40.00 Appropriation	7,598	7,925	7,827
Permanent:			
68.00 Spending authority from offsetting collections	1,280	1,660	1,710
Relation of obligations to outlays:			
71.00 Total obligations	8,820	9,585	9,537
72.40 Obligations balance, start of year	995	354	759
74.40 Obligated balance, end of year	–354	–759	–867
77.00 Adjustments in expired accounts	(34)		
87.00 Outlays (gross)	9,427	9,180	9,429
Adjustments to budget authority and outlays:			
Deductions for offsetting collections:			
88.00 Federal Funds	–454	–1390	–1440
88.40 Non–Federal sources	–826	–270	–270
88.90 Total, offsetting collections	–1280	–1660	–1710
89.00 Budget authority (net)	7,598	7,925	7,827
90.00 Outlays (net)	8,147	7,520	7,719

EXECUTIVE RESIDENCE AT THE WHITE HOUSE
Salaries and Expenses – Only

SF 300
10–Mar–94

IDENTIFICATION CODE 11–0210–0–5–802	1993 actual	1994 estimate	1995 estimate
Direct Obligations:			
Personnel Compensation:			
11.1 Full–time permanent	3,925	4,133	4,279
11.5 Other personnel compensation	1,037	1,202	1,316
11.9 Total Personnel Compensation	4,962	5,335	5,595
Other:			
12.1 Personnel benefits: civilian	795	761	818
21.0 Travel & Transportation of persons	2	9	11
23.2 Communications, utilities, rent	294	346	353
24.0 Printing and reproduction	2		
25.0 Other Services	395	806	345
26.0 Supplies and materials	1,040	610	647
31.0 Equipment	50	58	58
99.0 Subtotal, direct obligations	7,540	7,925	7,827
Reimbursable Obligations			
11.5 Other personnel compensation	202	145	149
23.2 Communications, utilities, rent	336	465	479
24.0 Printing and reproduction	48	85	88
25.0 Other Services	434	325	335
26.0 Supplies and materials	260	640	659
99.0 Subtotal, reimbursable obligations	1,280	1,660	1,710
99.9 Total Obligations	8,820	9,585	9,537
Total compensable workyears:			
Full–time equivalent workyears	93	89	89
Full–time equivalent of overtime and holiday hours	21	16	16
Reimbursable program:			
Full–time equivalent employment	0	0	0
Full time equivalent of overtime	3	3	3

EXECUTIVE RESIDENCE AT THE WHITE HOUSE
Multi–Year Construction

OF 300
10–Mar–94

IDENTIFICATION CODE 11–0210–0–5–802	1993 actual	1994 estimate	1995 estimate
Program by activities:			
00.01 Direct Program:	459	843	772
10.00 Total Obligations	459	843	772
Financing:			
21.00 Unobligated balance available start of year	–2281	–1822	–979
24.40 Unobligated balance available, end of year	1,822	979	207
25.00 Unobligated Balance lapsing	0	0	0
39.00 Budget authority (gross)	0	0	0
Budget Authority:			
Current:			
40.00 Appropriation	0	0	0
Permanent:			
68.00 Spending authority from offsetting collections	---	---	---
Relation of obligations to outlays:			
71.00 Total obligations	459	843	772
72.40 Obligations balance, start of year	217	123	177
74.40 Obligated balance, end of year	–123	–177	–227
77.00 Adjustments in expired accounts			
87.00 Outlays (gross)	553	789	722
Adjustments to budget authority and outlays:			
Deductions for offsetting collections:			
88.00 Federal Funds	---	---	---
88.40 Non–Federal sources	---	---	---
88.90 Total, offsetting collections	---	---	---
89.00 Budget authority (net)	0	0	0
90.00 Outlays (net)	553	789	722

EXECUTIVE RESIDENCE AT THE WHITE HOUSE
Multi-Year Construction

IDENTIFICATION CODE 11-0210-0-5-802	1993 actual	1994 estimate	1995 estimate
Direct Obligations:			
25.0 Other Services	445	843	772
26.0 Supplies and Materials	14		
99.0 Subtotal, direct obligations	459	843	772

THURSDAY, MARCH 17, 1994.

COUNCIL OF ECONOMIC ADVISERS

WITNESSES

LAURA D'ANDREA TYSON, CHAIR

ELIZABETH KAMINSKI

INTRODUCTION

Mr. HOYER. Now we will hear from the Chair of the Council of Economic Advisers, Dr. Tyson.

Ms. TYSON. Thank you very much.

Mr. HOYER. We are pleased to have you here and we will include your full statement at the appropriate place in the record. You may proceed in such manner as you deem to be appropriate.

SUMMARY STATEMENT OF DR. TYSON

Ms. TYSON. Well, why don't I just highlight the main points of the statement. It is very short and the main points are very short.

This year we request an appropriation of $3,474,000 for fiscal year 1995. This is an increase of $54,000, or 1.6 percent.

The personnel budget is $2,163,000. We believe that is the amount the Council needs to carry out its responsibilities under the Employment Act. This is an increase of $36,000 that provides funding for our 35 FTE positions and it includes a 1.6 percent governmentwide salary increase effective January 1, 1995.

We are also asking for an increase in funds to cover the increase in rent of $10,000, which comes from the General Services Administration. This is not for any increase in space, but just reflects the increases in charges per square foot.

In general, we have worked hard to keep the request at the minimum level of support we believe necessary for the Council to carry out its mission.

I have a very fine, I will add this, it is not in the written statement, a very fine staff. The CEA has a very loyal staff of people, many of whom have been there for a very long period of time, Elizabeth Kaminski, who is here today, has been there for 29 years and she knows these appropriations and budget issues very well.

We actually also have our head statistician, just to mention this, who has been with the Council of Economic Advisers I believe since 1949. So there is quite a loyal, permanent staff at the Council and I believe the appropriation has been looked at carefully and does, in fact, reflect what we need to continue to accomplish our work.

Thank you.

Mr. HOYER. Excellent. Thank you very much.

[The prepared statement follows:]

STATEMENT OF LAURA D'ANDREA TYSON
CHAIR
COUNCIL OF ECONOMIC ADVISERS
BEFORE THE
SUBCOMMITTEE ON THE
TREASURY, POSTAL SERVICE, AND
GENERAL GOVERNMENT APPROPRIATIONS
OF THE
HOUSE COMMITTEE ON APPROPRIATIONS

Chairman Hoyer and Members of the committee. I am very pleased to appear before you today. The Council of Economic Advisers respectfully requests an appropriation of $3,474,000 for fiscal 1995. This request represents an increase of $54,000 over the current level of $3,420,000.

The personnel budget of $2,163,000 the Council is requesting for fiscal 1995 represents the amount the Council needs to carry out adequately its responsibilities under the Employment Act. This is an increase of $36,000. This request provides funding for 35 full-time positions, and it includes a 1.6 percent government-wide salary increase effective January 1, 1995.

The General Services Administration has increased the Council's rent charge by $10,000. This increase is due solely to increased charges per square foot for space. No additional space has been requested by the Council.

The appropriation I have requested for fiscal 1995 provides what I believe is the minimum level of support necessary for the Council. It also reflects our commitment to producing the best possible work in the most effective manner.

Thank you for consideration of this request.

Laura D'Andrea Tyson is Chairman of the President's Council of Economic Advisers and a Member of the President's Cabinet. She is currently on leave from the University of California at Berkeley, where she was Professor of Economics and Business Administration, Director of the Institute of International Studies, and Research Director of the Berkeley Roundtable on the International Economy (BRIE). She received a B.A. summa cum laude from Smith College in 1969 and a Ph.D. in economics in 1974 from the Massachusetts Institute of Technology.

She has been a visiting scholar at the Institute for International Economics, and a member of the Cuomo Commission on Trade and Competitiveness, the Advisory Board of the Economic Strategy Institute, the Conference Board Economics Colloquium, the Economic Policy Institute Research Council, the Council on Foreign Relations, and the Subcommittee on a Global Economic Strategy for the United States. She was a member of the Los Angeles Times Board of Economists from 1989-1992.

Professor Tyson is the author of Who's Bashing Whom? Trade Conflict in High Technology Industries (Washington, D.C., Institute for International Economics, 1992). She has written a number of other books and articles on the economics of competitiveness. Her publications in this area include: American Industry in International Competition (co-edited with John Zysman), Cornell University Press 1983; "The Economic Black Hole" (with Lester Thurow), Foreign Policy, Summer, 1987; "Competitiveness: An Analysis of the Problem and a Perspective on Future Policy," Global Competitiveness: Getting the U.S. Back on Track (edited by Martin Starr), Norton, 1988; The Dynamics of Trade and Employment (co-edited with William Dickens and John Zysman), Ballinger, 1988; and Politics and Productivity: The Real Story of How Japan Works (co-edited with Chalmers Johnson and John Zysman), Ballinger, 1989. "Managed Trade: Making the Best of the Second Best" appeared in An American Trade Strategy: Options for the 1990's, Robert Z. Lawrence and Charles L. Schultze Editors, The Brookings Institute, 1990.

Professor Tyson has also written extensively on the economies of Eastern Europe. Her most recent publication in this area is Power, Purpose and Collective Choice: Economic Strategy in Socialist States (Co-edited with Ellen Comisso), Cornell University Press, 1986.

July 26, 1993

Mr. HOYER. You pretty much have a stable budget. The 1.6 percent generally reflects, I take it, the salary increases, is that what you said?

Ms. TYSON. Right, the salary increases and also reflects the increase in rents from the GSA.

Mr. HOYER. Your rent is going up notwithstanding the fact your square footage has stayed the same?

Ms. TYSON. Right.

Mr. HOYER. The experience of most agencies has been the opposite, that their rents are going down because of the recomputation of the square footage. Where are you located?

Ms. TYSON. In the Old Executive Office Building.

Mr. HOYER. I wonder if they did that for all the EOB. You wouldn't necessarily know that?

Ms. TYSON. Do you know that, Liz?

Ms. KAMINSKI. There is talk that the amount of increase would go down but it would just be a wipe out. But the square footage, they haven't told me anything about the amount.

Mr. HOYER. You say there is talk that the amount of the increase will go down, would there be a possible savings in the budget that is reflected here?

Ms. KAMINSKI. It was $17,000 but I was told that we will hear that in the future, if that is going to happen.

CEA–NEC

Mr. HOYER. Last year, Doctor, the President reorganized his economic advisory panel by adding the National Economic Council, which is chaired by Mr. Rubin, of course.

The Council's mission is to provide coordination to the President on policy. The Council of Economic Advisers provides Mr. Rubin with the analysis necessary to counsel the President on current economic trends. I presume he also provides it directly to the President.

Ms. TYSON. Absolutely. We have weekly meetings with the President. We are in communication with the President on a regular basis, independent of the National Economic Council.

Mr. HOYER. Last year, you testified there wouldn't be an overlap between the two organizations. Do you believe that has been the case?

Ms. TYSON. I do. I do believe that to be the case. I really think that the relationship has worked as it was anticipated. Last year we had, both Mr. Rubin and myself, a vision of how the relationship would work, should work, and the vision really was—we characterize it as a hand-in-glove relationship, that is, that we would provide a lot of the analysis, that he would have a staff primarily involved in policy coordination, and I think that it has worked exactly as we had anticipated.

Policy coordination is a very important function because if you have an issue which cuts across agencies, which is an economic issue, it is important to bring together the agencies from the very beginning. It helps in the consensus decisionmaking, which has characterized the Administration.

In all of these interagency efforts, which the NEC organizations and the CEA is involved in in providing input, analysis, and as you know, the CEA's mission is really to be analytical and objective, we don't have any policies that we implement, so we are providing advice to a whole series of agencies on a wide range of issues.

Mr. HOYER. Last year, you also testified that the Council would not be staffed with professional economists but would rely on the Council of Advisers for that support.

Ms. TYSON. That actually has remained the case. The National Economic Council may have—I think my numbers are correct. There is one professional economist who is on the staff and one professional economist who has enjoyed appointment between the CEA and in NEC. The rest of the members on the National Economic Council, in fact, are not Ph.D. level economists and oftentimes are not economists at all. They have been involved in communications and policy development in their own experience before they came to the National Economic Council.

CONSUMER CONFIDENCE

Mr. HOYER. Last year, we had some discussion about the overall state of the economy. We have had 12 months since then. It appears that consumer confidence is improving. Do you have any data which bears out this indication?

Ms. TYSON. Well, I think if you look at the main consumer confidence measures that come, there are two, the Conference Board and the University of Michigan, you get both indicators showing that there has been a tremendous rebound in consumer confidence. There are also a variety of business confidence indicator surveys which suggest the same thing, and I think the pick up in confidence which is coming from the standard ways of measuring confidence, these survey results reflects the reality of the economy, which is that there really was a pick up in the underlying growth rate in the second half of last year as consumers and businesses experienced that through rising output on the producer side and rising incomes and better employment prospects on the consumer side. The indicators of confidence show the improving situation at the microeconomic level, the point of an individual consumer or individual firms.

ECONOMIC FORECAST

Mr. HOYER. How do you see this prospect for the next 12 to 36 months?

Ms. TYSON. Well, we see that the economy over the next 12 to 36 months, we have an official forecast, which is in the Council of Economic Advisers' Economic Report of the President. We anticipate that this year, 1994, our growth will be in the range of 3 percent. It will slow a little bit thereafter to the range of 2.7 percent in 1995. Those growth rates are consistent with the view that right now the economy still has underutilized capacity in terms of employment possibilities and capacity utilization.

As the economy closes, gradually closes the gap between current levels of output and potential levels of output, we expect the economy to slow down, to grow closer to what economists think of the economy in the long term as having an underlying growth rate that

reflects productivity growth and growth of the labor force, demographics. And so you get the growth rate going down from 3 to 2.7 to 2.6 reflecting this notion of gradually moving on to this underlying long-term growth rate.

But in general, what I want to say is that our forecast is very consistent with the forecasts of the Congressional Budget Office and the blue-chip forecasters. Actually, some of the private forecasters have raised their estimate a little bit for this year, for 1994, but if you look over the two-year period, the estimates end up being about the same, just in the range of 3 percent for the next 24 months.

RECONCILIATION BILL

Mr. HOYER. To what extent, if any, do you believe that the budget and reconciliation bills adopted and signed by the President—the budget wasn't, but the reconciliation bill signed by the President impacted on the state of the economy?

Ms. TYSON. Well, I think it had an important effect in at least three ways. The first effect I think was seeing—we actually have an Economic Report of the President. I am sorry I didn't bring it, but a very nice chart which shows the timing of adjustments in interest rates last year, and it is fairly clear that what happened on capital markets last year was heavily influenced by expectations that there would be action on the deficit and then actual passage of a plan to control the deficit.

I think that is the first effect, and what you saw as a consequence of a substantial reduction in long-term interest rates last year was that by the end of the year, by the end of last year, the interest-sensitive parts of spending were really showing considerable strength in response to the reduction in interest rates which occurred. So there was an immediate effect.

Now, what has happened we believe is that the increase in interest reduction spending has given a lot of momentum to the economy. The economy seemed to end in 1993 and enter 1994 as well with a lot of underlying momentum for positive growth. That is the first effect.

The second effect is, I think a year ago—what we tend to forget is that a year ago what we were looking at was a growing deficit and debt in the out-years and we were looking at the concern of both, I think the business community and American citizens, that there was an unresolved time bomb out there waiting to explode, and I think what the numbers now show, this year's budget numbers show clearly the deficit is declining relative to the size of the economy and so is the debt declining relative to the size of the economy and these really reverse trends which have been with us since 1980, 1981. The trend change seems very clear in the numbers. So that is the second effect.

I think the effect on confidence, and the reason I want to emphasize that is there have been increases in interest rates which have occurred in the last few months. It has not been mentioned—rarely mentioned—actually I haven't seen it mentioned in a single place that concern about the government deficit or concern about the government debt is what is going on. Actually the concerns now

that are voiced is the economy growing faster than its potential or is there possibly some concern about inflation.

We at the Council are very—our reading of the evidence is that inflation remains well under control and that the economy is on course for sustainable development. But to the extent there is concern out there in the financial markets, it is not about the deficit. It is not about the debt. A year ago, that is what everyone was focused on. So I think there really is a recognition that something very real happened.

And then finally, given that something very real happened, there is a long-term benefit, which you wouldn't see in the current numbers. But the fact that the government will be borrowing less relative to the size of the economy as we move out through this decade means that over this decade, there will, in fact, be more resources available to the private sector to borrow, invest, improve technology, improve education, do a number of things that really need to be done for the long-term health of the economy.

Mr. HOYER. Thank you. Mr. Lightfoot.

Mr. LIGHTFOOT. Thank you, Mr. Chairman.

Dr. Tyson, good to see you again.

Ms. TYSON. Nice to see you.

ECONOMIC FORECAST

Mr. LIGHTFOOT. There is major heartburn on this side of the aisle at this point in time. Following on with what the Chairman was talking about, you mentioned a series of different forecasts, private forecasts and yours and so on. When you make your projections, do you take those into account or do you do this in somewhat of a vacuum and just deal with the numbers or even is it wise to do it that way?

Ms. TYSON. What we try to do is look at all the data that we have on the economy and to make our own forecast. I think should our forecast diverge very much from the many forecasts out there, both private sector forecasts and forecasts like the Congressional Budget Office forecast, that might cause us to at least think about whether we have done the calculations right. If the numbers are very different, what are we putting a different weight on. So I think the process would be, we do our own forecasts, but forecasting is an art, not a science.

Then we look around to see, well, how far off or how consistent are we with other major forecasters and we have been pleased I would say that our forecasts are more or less in line with private forecasters. We are also pleased that last year, by the end of the year, our forecast was—on both the inflation side we were a little high, but the growth side we were almost exactly on target, so that we felt that the forecast for last year suggested that we had come in very close to what the economy actually did, and that gives us some faith that maybe that will be true as we go on out.

So the other thing I will say about our forecast compared to others is that we only do a forecast twice a year. Many private sector forecasts tend to be revised on a quarterly basis so you will have for awhile ups and downs.

I will get asked a lot now, well, are you going to revise your forecast based on what might be—they were stronger than anticipated

last quarter. The evidence on the first quarter is hard to read—will be hard to read because of the weather and the earthquake, but a lot of people are—a lot of private sector forecasts are revising upright now for the year. We would not—we don't issue a forecast, but I will say that right now our belief is that for the year, the forecast for the year is still one that we are comfortable with.

Mr. LIGHTFOOT. Of course this is a very parochial point, but because of last year's flood, needless to say, we are very concerned with what the weather is going to do this year. We still don't have a lot of levees repaired. We have been blasted with some warm weather here this spring which has allowed the runoff to start, and there is still a big question, if we will get as much rain—you know, in farm country, you wake up every morning and look at the sky to see what is happening. But if we should get heavy rains again this year, historically in farm country, you feel the impact usually at least 12 months or sometimes 14 or 15 months after the event happens. Like last year, you wouldn't anticipate you would feel that hurt until this year. But, again, it depends on the weather.

Last year when you were here we had some discussion, we were talking about increasing the professional staff and downsizing some of the clerical staff and you are still staying within the same FTEs and so on. I won't argue that point at all. But with doing that, we had some discussion, how are you going to be able to get all the typing done and the mechanical things that have to be done as well? I assume you have managed that. Could you share with us how you accomplished that so we could pass that onto some of these other folks that may be thinking the same thing?

STAFF

Ms. TYSON. Well, I think, first of all, we have a—as I started my testimony with, we have a very outstanding staff and, as a consequence of that, I think that they can make adjustments to keep the work flow moving.

We have a lot—we have a seasonality issue in our office as well, which is the report of the President, and for at least a few months of the year we have people staying until two or three in the morning.

I know Liz, I don't know how many hours in a row she was up. I couldn't have done it, so we have a seasonality correction.

We also have—a lot of the work that would be—that might be office work is done by the senior staff in the preparation of memos, for example. Because people tend to use their word processors and write their memos themselves, and that is just something that is going on gradually through the work force, and you have to—the important thing to keep in mind about the professional staff in the CEA is that many of these people—most of these people are on leave for a time from the universities, and universities oftentimes do not have very generous support staff. So many assistant professors and associate professors come into the CEA anticipating that they will answer their own phones, do their own memos, and I think that that is part of the reason.

I have been—we also have a very excellent chief of staff who is here, Tom O'Donnell, and you have to all wish him happy Saint Patrick's Day before he leaves. Tom has been extremely important

at, I think, keeping the CEA staff working very well as a team because of his wonderful Irish sense of humor. He laughs us through a lot of problems.

Mr. LIGHTFOOT. Maybe we could use him.

Mr. HOYER. It is important in this business.

Ms. TYSON. I would suggest that a Tom O'Donnell, Chief of Staff, for every office would help a lot.

Mr. LIGHTFOOT. What concerns me is all the nervous laughter. Dr. Tyson, thank you again for coming. Good to see you again and happy Saint Patrick's Day to you, Mr. O'Donnell.

Mr. HOYER. Mr. Darden.

LUMBER PRICES

Mr. DARDEN. Dr. Tyson, it is good to have you here. I won't prolong the hearing but I do want to make a couple quick points.

I assume there has already been some discussion about the lumber prices. I have been visited by the National Association of Home Builders and a number of builders from down home. Of course, they are very concerned about this issue. I don't pretend to understand it, but I am not quite sure what the truth or the facts are out there, but it is a very serious concern and I am glad to see that you are involved in the issue.

Mr. HOYER. Doctor, why don't you comment on that. We have all been visited by groups concerned about this issue. Lumber prices are now up very substantially in the Washington metropolitan area and I know many other areas of the country.

The building industry is a major factor. Maryland, as you probably know, is one of the few States in the Union that really has not gotten into a plus on the job creation side yet. I think we are still at about minus 2,000 or 3,000, which is unique. I don't know whether California is in that position.

Ms. TYSON. Yes, California is in that position.

Mr. HOYER. In a much bigger way, I would guess. However, there are a lot of States in that position. Tell me what you see—what are the problems in terms of lumber? Obviously, the President's recent order was 1.2 million board feet. I don't know whether that is it, or higher, as it relates to Federal lands.

Ms. TYSON. I think, you know, we looked at the issue last year. We have looked at this issue on and off over the past year. I think it is important that the rate of logging that was going on in Federal lands at the time that the forest summit was held last year was widely considered—this is not really a point of controversy among experts—was widely considered to be a level of logging that was not sustainable. It was not going to sustain the forests. And so clearly some adjustment had to be made at that time.

It is the case that the major—so that, I think, was the appropriate policy, and furthermore, we put in place some other policies to support people who might have to make a transition from logging to other activities over the long run.

As far as the price of lumber is concerned, the price of lumber is heavily cyclical, and this is an area where, as you know, one of the interest-sensitive parts of the economy that rebounded very sharply in the second half of last year was housing, residential construction, and with a—there has been a bit of a slowdown this

quarter but a lot of it seems to be weather related. So right now most experts anticipate that there will be a pick up again in residential construction in the second quarter and may even occur at the end of the first quarter if the weather holds better.

So lumber is a cyclical commodity. Its price is cyclical and what we are seeing right now is heavy demand. There was some reduction in capacity which did occur in the United States and the point that we have been making is that in a situation where it takes some time for—this is now the milling capacity, for milling capacity to catch up with demand in the United States, that it is important to think of imports from other countries as a buffer. I mean, when U.S. prices rise relative to the prices around the world of anything, that encourages foreign suppliers to try and sell into the U.S. market. It is an attractive price. From the point of view of users of lumber, that is good news because you have lumber coming in and keeping the price from going any higher. That is really the point we were making here; that it is important to realize that imports—a variety of products, but this is a good example—can often be a buffer when demand increases more rapidly than U.S. supply can increase.

Now, clearly the high prices in the U.S. are encouraging increases in U.S. capacity. I mean, that is part of how the market system works, so we are seeing signs of the American industry now increasing its capacity to meet that demand.

Mr. HOYER. When you say increase its capacity, are you talking about the milling capacity?

Ms. TYSON. Yes. There has been some modernization going on.

Mr. HOYER. I am sure all of us believe that one of the problems of course with the ratcheting down of supply as opposed to milling capacity is that the supply reduction is impacted. Is it your belief that that is not the case, that there is a sufficient supply?

Ms. TYSON. Yes, it seems to be relative to what we have looked at, that there has been some modernization of capacity going on in the lumber industry itself. So this is really the preparation—not the logging part but actually the creation of lumber from raw logs and that modernization—there was both a cutting back and a reduction of some outmoded capacity and a bringing on-line of some more modern capacity and that that may have caused a temporary slowdown in the—let's put it this way. That as a result of this transition, the supply has not kept up pace with the demand. The demand grew very quickly, rather unexpectedly. It was a very sharp increase in the second part of last year and that capacity is moving to catch up. So, yes, our interpretation would be much more on the nexus between the logs and the final users and the role of lumber imports is possibly a buffer at that stage.

Mr. HOYER. Mr. Lightfoot.

Mr. LIGHTFOOT. We have one manufacturer that makes a high end product, uses a lot of wood in their product. Price is a concern obviously, but since they are selling a high end product, they reported to us that there have been days that they can't buy lumber at any price, period. It is just not there.

Ms. TYSON. Well, if you get a very tight market, you can actually see both things at once, a spiking of price and then delays in the actual ability to get supply, and I think the issue here is when you

have a cyclical industry like lumber, which clearly is, you have an unanticipated and sharp increase in demand. You may have some things going on with modernization of capacity which in the long run are exactly right, but in the short run might have this sort of unexpected interaction with demand and cost shortages or increases in price.

At that point, the fact that you can buy lumber from the rest of the world is a very important buffer or stopgap or safety for the domestic economy, and that is really the point that we were trying to make here, is that there are—it is often—it is sometimes the case, and it needs to be examined, whether or not our foreign trading partners are being fair or unfair. That is an important issue.

I have written on it a lot. I think it is very, very important. At the same time, it is also important to keep in mind that from the point of view of the general economy, it may at a certain point be important to import things because they help fill a temporary need and, incidentally, when the U.S. economy went into a slowdown in lumber demand, which it did do when we were in a slowdown of construction, slow down lumber demand, some of the capacity on the U.S. side was removed. At the same time, imports from the rest of the world fell even more sharply. So think of this as a buffer both in low down periods when imports tend to slow down or fall more than domestic production and think of it as a buffer during a pick up period where sometimes imports pick up first before domestic reduction has the time to catch up.

That is good for the domestic industry, both on the downturn and on the upturn. It means on the downturn they don't have to cut back as much because imports are reduced and on the upturn imports give the ability to act as an extra source of supply to keep prices from rising even more than they otherwise would.

Mr. LIGHTFOOT. It would appear that when you can't find lumber at all, the buffer apparently is not working.

Ms. TYSON. It is not working—a buffer means in this case, improves things from what they otherwise might have been. It does not mean—I certainly could imagine that there would actually be delays in particular areas, particular kinds of lumber. You can get that in a very tight market.

Mr. LIGHTFOOT. Thank you.

Mr. HOYER. Doctor, I think we could probably keep you here all day.

Ms. TYSON. Up until the Blarney Ball, then we have to leave. Mr. O'Donnell has arranged a Blarney Ball tonight so we have to—

Mr. HOYER. We don't want any implication that Dr. Tyson came here, however, even on Saint Patrick's Day, and gave us any blarney. But we don't want to hold you from the Blarney Ball.

Obviously, your budget is a pretty stable one and, as Mr. Lightfoot indicated, not particularly controversial, but obviously what you do and what you assist in doing in trying to make our economy grow and create jobs for our people, is absolutely critical and we want to give you the resources that you need to carry out that responsibility.

Thank you very much for being with us.

Ms. TYSON. Thank you. Thank you very much.

Mr. HOYER. And enjoy yourself tonight.

[Questions submitted for the record and budget justification material follow:]

Questions Submitted for the Record by the Committee

Relation Between CEA and National Economic Council

Question.

Last year the President reorganized his economic advising panel by adding the National Economic Council which is chaired by Mr. Robert Rubin. The National Economic Council mission is to provide coordination of the President's economic policy. The Council of Economic Advisers provides Mr. Rubin with the analysis necessary to counsel the President on current economic trends.

Last year you testified that there would be no overlap between the responsibilities of the two councils. Has this been the case as the Councils have worked through this year?

What has been the level of interaction between the Economic Council and the Economic Advisers?

Last year you testified that the National Economic Council would not be staffed with professional economists but would rely on the Council of Economic Advisers for that support. Is this also the case for FY 1995?

Answer.

There continues to be no overlap between the responsibilities of the Council of Economic Advisers and the National Economic Council staff. The CEA provides the President with objective economic analysis and advice about economic conditions and concerning economic policies. It should also be noted that I am a Member of the National Economic Council. The NEC staff primarily provides primarily policy coordination. Since the start of the Administration, the CEA staff and NEC staff have worked well together in carrying out these distinct, but complementary roles.

The CEA staff and NEC staff work closely together on a number of levels. The Members of the CEA and I, as a Member of the Principal Committee of the NEC, participate in National Economic Council meetings. We, with the assistance of the CEA's professional staff, serve on a wide range of inter-agency task forces that are coordinated by the NEC staff. I also work closely with Mr. Rubin in conveying advice and analysis on economic matters to the President.

The professional staff of the CEA is made up principally of professional economists on leave from academic institutions and other government agencies. The CEA's senior economists usually hold Ph.D. degrees in economics while the staff economists are often graduate students on leave from their Ph.D. studies. As professional economists, they have the ability to bring to bear the tools of economic theory and statistical analysis to provide technical, economic analysis for the President. The NEC staff--except for one professional economist who served jointly on the CEA

and NEC staff and one staffer with an economics background--is not staffed by professional economists. Rather, the NEC's staff is drawn from a range of professions suitable for its mission of policy coordination.

Overall State of the Economy

Question.

Last year we had some discussion on the status of the late-1980s recession which you stated officially ended in March of 1991. However, consumer confidence was not greatly affected by the end of the recession because employment levels did not increase.

Recent indications are that consumer confidence appears to be improving. Do you have any data which bears out this indication?

The business community appeared to be pleased with the Christmas retail experience last year. Do you have any data on that experience and how it compared with the previous year?

In the past 6 months, what has been the size of the growth of the economy and how does this compare to the same time period in 1993?

Answer.

Two measures of consumer confidence are the University of Michigan's index of Consumer Sentiment and the Conference Board's index of Consumer Confidence. Both indexes tell the same story. Consumer confidence has risen from its depressed levels of mid-1993. In early 1994, we have seen levels of both the University of Michigan and Conference Board indexes that are as high as they have been since before the recession.

Business enjoyed a substantial improvement in retail sales during the 1993 holiday season compared to 1992. They increased about 6 percent from the last quarter of 1992 after correcting for inflation--a healthy rate of growth.

During the last 6 months of 1993, the most recent period for which we have data on national income and product, real GDP grew at a 5.2 percent annual rate. That compares with a 1.3 percent rate during the first six months of 1993. During 1993, growth of GDP averaged 3.2 percent, so there was a substantial increase in growth in the second half of the year. For 1994, we expect the economy to continue growing at about a 3 percent rate.

Effect of FY 1993 Stimulus/Investment Package on Job Creation

Question.

Last year we had a discussion on the jobs which would be created as a result of the President's proposed stimulus/investment package. At that time, the Administration's assumption was that 500,000 jobs would be created over an 18-month period.

Have you tracked the creation of jobs as they relate to the FY 1993 stimulus/investment package as passed by Congress? At that time, the Administration's assumption was that 500,000 jobs would be created over an 18-month period.

How many jobs were created as a result of this legislation?

If you have not been tracking this issue, why not?

Answer.

The Administration's initially proposed a $30 billion stimulus/investment package. It was filibustered in the Senate and never became law. At the time, the Administration had argued that the package would serve as an insurance policy against a continuation of the halting recovery the economy had seen in 1991 and 1992. We projected that it would add roughly 0.3 percentage point to real GDP growth in 1993 and 1994. We had also estimated that the package would lead to the creation of about 500,000 additional jobs by the end of 1994.

Because the proposal never became law, we have not tracked the number of jobs it might have created. We do note, however, that the economy went on to create about 2 million jobs over the course of 1993, and it posted real GDP growth of 3.1 percent. We remain comfortable with our estimate that if the stimulus package had passed, it would have caused real GDP to be something on the order of 0.3 percentage point higher than it ended up being.

Health Care Cost Increases

Question.

In a response to a question for the record from last year's hearing, you testified that health care costs were increasing about twice the rate of inflation.

Is this current rate of health care cost increases or have these cost increases leveled off?

If the costs have leveled off, what is the rationale for this change?

Answer.

Health care price increases, as measured by the Consumer Price Index (CPI), have slowed over the past several years, especially for prescription drugs. In the 12 months ending January 1994, the CPI for medical care increased 5.1 percent, a decrease of about 2 percentage points from the rate of health care inflation over the last decade.

The slowdown in health cost inflation is part of the general slowdown in the rate of price increases. In the 12 months ending January 1994, total CPI inflation was 2.5 percent, so the medical care component is growing at twice the rate as general inflation.

Effects of Unemployment

Question.

What is the current level of unemployment?

What effect does the level of unemployment have on the economy?

How does the level of unemployment in the United States compare with that in other Western industrialized nations?

Will the passage of NAFTA impact the level of unemployment in the United States?

Answer.

In February 1994, the U.S. national unemployment rate was 6.5 percent.

If the unemployment rate is high by historical standards, it means that national welfare is lower than it could be, because resources are being wasted and incomes are not as high as they might be. High or low unemployment rates are sometimes considered to influence economic factors--that is, the unemployment rate can be considered to have feedback effects on the economy. If the unemployment rate is high by historical standards, then it is argued that workers may reduce their wage claims because they may be fearful about losing their jobs, and that might lead to lower levels of inflation in the economy. Contrariwise, a very low rate of unemployment is sometimes thought to embolden workers to ask for larger wage and salary increases, which could be inflationary.

Most of the other Western industrialized nations have higher unemployment rates than the United States. The Bureau of Labor Statistics attempts to adjust the unemployment rates across countries for differences in the reporting of unemployment. Here are their latest numbers:

	Unemployment Rate	Latest Month
U.S.	6.5	Feb.
Canada	11.4	Jan.
France	11.7	Dec.
Germany	6.5	Dec.
Italy	10.6	Jul.
Japan	2.8	Nov.
U.K.	10.0	Jan.

NAFTA will likely result in a very small reduction in the U.S. unemployment rate--perhaps so small as to not be noticed in the first decimal place. Even though the United States engages aggressively in international trade, exports still only account for about 12 percent of U.S. economic activity. The lion's share of

the jobs (and the primary determinants of the unemployment rate) are overwhelmingly influenced by what goods and services Americans make and provide for other Americans.

Effect of Increasing Interest Rates on the Economy

Question.

The Federal Reserve Chairman, Alan Greenspan, recently stated that there may be an increase in interest rates.

Was this issue discussed by the Council of Economic Advisers and did you see an economic trend which would lead you to believe that this is a prudent course of action?

What effect will an increase in interest rates have on the economy?

Answer.

The Federal Reserve's Federal Open Market Committee raised its targeted Federal Funds rate by 25 basis points on February 4, 1994 and by an additional 25 basis points on March 22, 1994. The Federal Reserve is an independent agency that makes its own determination about the course of monetary policy. The Administration, in its forecast that was completed in January 1994, projected that there would be an increase in short-term interest rates beginning in 1994 as the economy approached full employment. Treasury bill interest rates were 3 percent in 1993. As of January 1994, we projected that they would average 3.4 percent in 1994 and 3.8 percent in 1995.

The effect of changes on the interest rates on the economy cannot be judged independently from the reason that the interest rates changed. To the extent that interest rates increased because of upward revisions of forecasted economic growth, the increase in interest rates would not be a reason to reduce our forecast of growth. In January 1994, prior to the FOMC action, we forecasted that real GDP would grow at a sustainable 3 percent rate during 1994. We will not revise the forecast until the mid-session review of the budget this summer, but events since we released our forecast would not indicate either a significant upward or downward revision of the forecast.

Manufacturing Base of U.S. Economy

Question.

During last year's hearing you indicated that in a growing economy such as the U.S. economy there would be room to improve the competitive position of the U.S. manufacturers and maybe achieve a higher level of employment in manufacturing.

Have we seen an increase in manufacturing employment?

Will NAFTA help create manufacturing jobs?

Answer.

Yes, employment in manufacturing has now increased for 5 straight months--by an average of over 16,000 jobs per month since September 1993. Manufacturing employment had fallen steadily over the previous 5 years--by over 1.5 million workers.

Probably yes. Some studies of the economic effects of NAFTA have concluded that after all tariffs have been removed, the number of jobs in the United States will be 150,000 to 300,000 higher than if NAFTA had not become law. It is difficult to break out the exact number of these jobs that would be in manufacturing, but it is reasonable to assume that manufacturing would gain proportionally to manufacturing's roughly 16 percent share of total employment. Importantly, NAFTA should allow increased specialization of production in all three North American economies, and that should lead to higher real income levels. That is, NAFTA should increase real living standards for all Americans, as well as create jobs for some Americans.

Executive Office of the President
Council of Economic Advisers
Congressional Submission
FY 1995

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MISSION STATEMENT

Executive Office of the President
Council of Economic Advisers

The activities of the Council are set forth in the Employment Act of 1946. They include the following:

1. To assist and advise the President in the preparation of the Economic Report.

2. To gather and analyze timely information concerning current and prospective economic developments and report regularly to the President on the relationship of these developments to the achievement of maximum employment, production, and purchasing power as prescribed in the act.

3. To appraise and report to the President on the extent to which the various programs and activities of the Federal Government contribute to the carrying out of the purposes of the act.

4. To develop and recommend to the President national economic policies to foster and promote competitive enterprise, to avoid economic fluctuations, and to maintain maximum employment, production, and purchasing power.

5. To make such studies, reports and recommendations on Federal economic policy and legislation as the President may request.

In carrying out these duties, the Council consults regularly with other government agencies and departments, as well as the Congress, and representatives of business, labor, consumers, agriculture, State and local governments, and the economics profession. In addition, the Members and staff of the Council are frequently called upon to serve on Cabinet Council working groups in a wide variety of fields.

Included in the Council's staff is a statistical unit which is responsible for the monthly publications Economic Indicators and the preparation of the statistical material in the annual Economic Report of the President, as well as for providing continuous assistance to the Council and professional staff.

2

END-OF-YEAR SPENDING

As directed by the House of Representatives Subcommittee on the Treasury, Postal Service, and General Government Appropriations, the Council of Economic Advisers (CEA) will ensure that necessary procedures are in place to review end-of-year spending. In the past CEA has conducted a rigorous review of year-end spending to ensure that funds are obligated only for necessary items. This review typically begins in the third quarter of each fiscal year and is approved by the Chair of CEA. The Administrative Officer of CEA is directly accountable for all spending and is charged with the review of year-end spending.

3

SUMMARY OVERVIEW

Executive Office of the President
Council of Economic Advisers

The Council of Economic Advisers (CEA) requests an appropriation of $3,474,000 and 35 full-time equivalent (FTE) positions for fiscal 1995. The request represents an increase of $54,000 or 1.6 percent from the current level of $3,420,000.

The increase of $54,000 is the minimum amount the Council needs to carry out adequately its responsibilities as set forth under the Employment Act of 1946. The increase in personnel compensation and benefits is $36,000. This increase will fund the authorized level of 35 full-time equivalent positions. Also, within this increase is an estimate for within grade increases as well as a 1.6 percent government-wide salary increase effective January 1, 1995.

The nonpersonnel categories reflect the support required to meet the needs of the CEA. Increases are included for travel ($1,000); office rent ($10,000); communications and utilities ($4,000); printing ($3,000); other services ($3,000); and supplies ($2,000).

The request also includes $25,000 in administrative reductions in keeping with the President's initiative on reducing administrative costs.

4

SUMMARY OVERVIEW (FINANCIAL)
Executive Office of the President
Council of Economic Advisers

Fiscal Year 1994 Appropriation	$3,420,000
Fiscal Year 1995 Increase/Decreases	
Personnel Compensation & Benefits	$36,000
Increase in Rental Payments to GSA	$10,000
Other Current Services Level Increases	$33,000
Administrative Reduction	($25,000)
Fiscal Year 1995 Request Level	$3,474,000

Personnel Summary

FY 1994 Authorization - FTE	35
FY 1995 Request - FTE	35

5

APPROPRIATION LANGUAGE

Executive Office of the President
Council of Economic Advisers

Salaries and Expenses

For necessary expenses of the Council in carrying out its functions under the Employment Act of 1946 (15 U.S.C. 1021); including not to exceed $2,500 for official reception and representation expenses; [$3,420,000] $3,474,000. (Executive Appropriation Act, 1994.)

6

Council of Economic Advisers

Program and Performance

The Council of Economic Advisers analyzes the national economy and its various segments, advises the President on economic development, recommends policies for economic growth and stability, appraises economic programs and policies of the Federal Government, and assists in preparation of the annual Economic Report of the President to the Congress.

DETAILED EXPLANATION JUSTIFICATION OF CHANGES BY OBJECT CLASS FOR FISCAL YEAR 1995

Executive Office of the President
Council of Economic Advisers
(In Thousands of Dollars)

Increases for Current Services and Request Level

FY '94	FY '95		Net Change
		Personnel Compensation and Benefits	
$2,521	$2,557		$36
		This request will fund all categories of personnel compensation and benefits.	
		The increase provides for a government-wide pay increase of 1.6 percent effective January 1, 1995 in accordance with Office of Management and Budget (OMB) guidance.	
		Travel and Transportation of Persons	
$72	$73		$1
		This category will fund the travel expenses of Council Members and staff.	
		The increase is the result of a $7 adjustment for inflation followed by an administrative reduction of $6 in keeping with the President's initiatives for reducing administrative costs.	

FY '94	FY '95		Net Change
		Transportation of Things	
$1	$1		$0
		No increase is requested.	
		Rental Payments to GSA (Rent)	
$465	$475		$10
		This category pays the General Services Administration (GSA) for use of space in the Old Executive Office Building.	
		This amount reflects rates established by GSA.	
		Rent, Communications, and Utilities (RCU)	
$93	$97		$4
		This line provides funding for telephone (commercial and FTS), telegraph, after-hour utilities, postage, and leasing costs for miscellaneous office equipment including photocopiers.	
		The increase is the result of a $7 adjustment for inflation followed by an administrative reduction of $3 in keeping with the President's initiatives for reducing administrative costs.	

FY '94	FY '95		Net Change
		Printing and Reproduction	
$84	$87		$3
		Funding in this category is for the annual Economic Report of the President and other necessary printing and reproduction.	
		The increase is the result of a $5 adjustment for inflation followed by an administrative reduction of $2 in keeping with the President's initiatives for reducing administrative costs.	
		Other Services	
$91	$94		$3
		A wide range of commercial and government services are funded in this category including maintenance contracts on all general and information management equipment, computer services, and other contracts.	
		The increase is the result of a $9 adjustment for inflation followed by an administrative reduction of $6 in keeping with the President's initiatives for reducing administrative costs.	
		Supplies and Materials	
$43	$45		$2
		This category provides funding to purchase	

FY '94	FY '95		Net Change
		general office supplies, ADP supplies, subscriptions, and government publications. The increase is the result of a $5 adjustment for inflation followed by an administrative reduction of $3 in keeping with the President's initiatives for reducing administrative costs.	
$50	$45	Equipment	($5)
		This category funds computer equipment and software upgrades. A $5 administrative reduction was taken in this line item in keeping with the President's initiatives for reducing administrative costs.	
$3,420	$3,474	TOTAL FOR ALL OBJECT CLASSES	$54

Executive Office of the President
Council of Economic Advisers
Program and Financing Schedule
(In Thousands of Dollars)

Identification Code 11-1900-0-1-802	FY 1993 Actual	FY 1994 Estimated	FY 1995 Estimated
Program by Activities:			
00.01 Direct program	3,417	3,420	3,474
01.01 Reimbursable program	20	0	0
10.00 Total obligations	3,437	3,420	3,474
Financing:			
25.00 Unobligated balance expiring	11	0	0
39.00 Budget Authority	3,448	3,420	3,474
Budget Authority			
40.00 Appropriation	3,428	3,420	3,474
68.00 Spending Authority from offsetting collections	20	0	0
Relation of Obligations to Outlays:			
71.00 Total obligations	3,437	3,420	3,474
72.40 Obligated balance, start of year	502	587	770
74.40 Obligated balance, end of year	-587	-770	-775
77.00 Adjustments in expired accounts	-9	0	0
87.00 Outlays (gross)	3,343	3,237	3,469
Adjustments to Budget Authority and Outlays			
88.00 Federal Funds	-20	0	0
89.00 Budget Authority (net)	3,428	3,420	3,474
90.00 Outlays (net)	3,323	3,237	3,469

Executive Office of the President
Council of Economic Advisers
Personnel Summary

	FY 1993 Actual	FY 1994 Estimated	FY 1995 Estimated
Executive Level Positions (FTP)	3	3	3
General Schedule Positions (FTP)	12	12	12
Ungraded Positions (FTP)	13	16	16
Total Employment, end of year (FTE)	31	35	35
Detail of Positions			
Direct			
Total Compensable Workyears:			
Full-time Equivalent Employment	31	35	35
Full-time Equivalent of Overtime and Holiday Hours	2	2	2
Average GS Grade	11.66	11.61	11.61
Average GS Salary	$47,539	$48,562	$49,339
Average Salary of Executive Level Positions	$121,666	$121,666	$123,613
Average Salary of Ungraded Positions	$53,214	$52,148	$52,983

Executive Office of the President
Council of Economic Advisers
Object Classification
(In Thousands of Dollars)

	FY 1993 Actual	FY 1994 Estimated	FY 1995 Estimated
Personnel Compensation:			
Full-time Permanent	1,656	1,832	1,860
Other Than Full-time Permanent	16	18	18
Other Personnel Compensation	66	60	60
Special personnel services payments	291	222	225
Total Personnel Compensation	2,029	2,132	2,163
Civilian Benefits	345	389	394
Travel & Transportation of Persons	34	72	73
Transportation of Things	2	1	1
Rental Payments to GSA	439	465	475
Communications, Utilities, & Misc. Charges	137	93	97
Printing & Reproduction	79	84	87
Consulting Services	19	11	12
Other Services	119	80	82
Supplies and Materials	69	43	45
Equipment	145	50	45
Subtotal, Direct Obligations	3,417	3,420	3,474
Reimbursable Obligations	20	0	0
Total Obligations	3,437	3,420	3,474

THURSDAY, MARCH 17, 1994.

NATIONAL SECURITY COUNCIL

WITNESSES

WILLIAM H. ITOH, EXECUTIVE SECRETARY

J. ROBERT MANZANARES, DIRECTOR OF ADMINISTRATION

BRONYA H. CLARK, BUDGET ANALYST

INTRODUCTION

Mr. HOYER. We are now going to hear from the National Security Council. Mr. Itoh, correct?

Mr. ITOH. Yes, sir.

Mr. HOYER. We very much appreciate you being here with us. We will include your statement in full at the appropriate place in the record. You may proceed in whatever way you deem to be appropriate.

SUMMARY STATEMENT OF MR. ITOH

Mr. ITOH. Yes, sir. I would like to read my statement. I am William Itoh, the Executive Secretary of the National Security Council.

I am very pleased of course to be seeing you here again. On my right is Bob Manzanares, the Director of Administration for the National Security Council and on his right, Bronya Clark, who is our Budget Analyst.

Mr. Chairman and Members of the subcommittee, I am pleased to appear today before this subcommittee to have the opportunity to testify on the National Security Council's budget request for the coming year.

Before beginning, I would like to thank you, Mr. Chairman, for your valuable leadership and support on the range of national security issues that confront us.

The President has pledged to engage actively in the world in order to increase our prosperity, update our security arrangements and to promote market democracies abroad. These are the goals that we on the National Security Council staff are charged to pursue with energy and imagination.

During the past year, the NSC staff has supported the President on his broad range of national security initiatives and accomplishments. During that time, the administration has completed a sweeping review of our military strategy and forces. We have led a global effort to support historic reforms in Russia and the other new independent states and to reduce nuclear weapons in the former Soviet Union. We have secured important side agreements that paved the way for the enactment of the North American Free Trade Agreement.

We have pursued steps with our G–7 partners to stimulate world economic growth, including the successful conclusion of the Uruguay Round of the GATT talks. We have established a realistic dialogue with Japan. We hosted an unprecedented meeting of APEC leaders in Seattle to put forward a vision of a new Pacific community. We have facilitated major advances in the Mideast peace process. The President will host a historic hemispheric summit of Democratic leaders of Latin America in early December.

We are also putting into place practical policies to preserve the environment and to limit the spread of weapons of mass destruction. We have proceeded with sweeping reductions in nuclear arms and declared a moratorium on testing as we move toward a comprehensive test ban. We are involved with the United Nations and our NATO allies to help resolve the tragic events in Bosnia.

I should also add on this note, of course, that tomorrow there will be a very historic signing of an accord involving the Bosnian Muslims and Bosnian Croats which we hope will be a cornerstone in resolving this very, very difficult problem.

We have worked hard to complete our mission of relieving starvation in Somalia and giving that nation a decent interval to pursue reconciliation. We are working to restore democracy and to return President Aristide to Haiti.

Because this is the first year of a new administration, the President has ordered over 42 major policy reviews of various national security issues, and the NSC staff has chaired or participated in all of them.

To accomplish the President's goals, we have structured the NSC staff into what we believe is a more efficient organization, while reducing our overall staffing levels. We inherited 179 authorized positions, and pursuant to the President's decision to reduce the White House staff, we are now working with a staff of 151.

We have aligned portfolios along geographic and/or functional lines. The NSC staff now includes an Office of Environmental Affairs to ensure that international environmental policy issues are given appropriate attention. We have a separate office dealing specifically with issues of nonproliferation of weapons of mass destruction. We have divided our European office into three separate offices. At this point we have divided our European office into Western European affairs and another office for Russia, Ukraine and Eurasia affairs and we are about to create a separate office which would focus on Central and Eastern Europe.

We have established an office that will promote the expansion and nurturing of emerging democracies throughout the globe. Integrating the National Economic Council into the foreign policy apparatus has been successful in ensuring that economic matters are considered carefully in national security decisions.

We have also developed a close relationship between the Office of Science and Technology Policy and the NSC to provide the President with a more comprehensive outlook on scientific and technological issues.

The agenda we are pursuing is an ambitious one aimed at ensuring America's leadership as we move into the 21st Century and advancing our interests across the globe. The budget request we have

submitted is aimed at enabling us to carry out this task on behalf of the President.

As you are aware, the budget of the National Security Council is a combination of two different entities, the National Security Council and the President's Foreign Intelligence Advisory Board, better known as PFIAB. This budget submission includes funding for both entities.

For fiscal 1995, the NSC respectfully requests an appropriation of $6,872,000. This represents a modest increase of $224,000 over our fiscal year 1994 level of $6,648,000.

We have carefully reviewed our budget requirements in light of the President's commitment to reduce government spending and we believe we have developed a submission that meets the President's established reduction targets as well as meeting the requirements of the NSC staff.

The majority of the increase, or $164,000, is in the area of personnel compensation and benefits. Our justification for this request is as follows: $68,000 for personnel salaries and other personnel compensation. This amount will fund the 1.6 cost-of-living adjustment for support staff and projected step increases for the support staff. And I should say that the 1.6 percent cost-of-living adjustment is in accordance with the OMB guidelines the directive has received.

We have also provided for $14,000 for additional personnel benefits, and this amount will cover the increased costs of personnel benefits and a worker's compensation claim.

Eighty-two thousand dollars for special personnel service payments. This is to meet the increased responsibilities resulting from the merging of the former President's Intelligence Oversight Board, or PIOB, into the President's Foreign Intelligence Advisory Board, or PFIAB.

The PFIAB is requesting the additional one professional level position over their staffing requirement for fiscal year 1994. This position will be responsible for the legal duties formally performed by the PIOB.

Our budget also reflects a small increase in two other areas: Travel and rental payments made to the GSA. We are requesting a $25,000 increase in travel to cover the increased costs of trips made by NSC staff members.

The first year of this administration has been a very active year in the area of travel for all our staff and our staff has worked—members—our staff members have worked hard to manage a number of foreign policy issues and at the same time to build relationships abroad with their foreign counterparts.

The NSC helped staff four major summit trips during the past year to Vancouver with a meeting with President Yeltsin, the Tokyo G–7 summit which also included a visit to Korea, APEC in Seattle in November, and the NATO summit in January, with the subsequent trip to Moscow.

As we plan for the next year, we anticipate that the current need for travel will not diminish. For example, in fiscal year 1994 we will host the Summit of the Americas which will be the largest gathering of heads of state and government ever hosted in the

United States. We will participate in CSCE, NATO ministerials, and other events during the course of the coming fiscal year.

Our request for an additional $63,000 for rental payments to GSA is to fund an adjustment in the calculation of our current space distribution. However, a net decrease of $28,000 in the remaining administrative items reduces our overall administrative increase request to $60,000. I note that the administrative base of the NSC budget has been reduced by $4,000 from fiscal year 1994 for a total of $854,000, which is in compliance with the President's initiative for reducing administrative costs.

We believe that this budget request represents the minimum necessary to support adequately the President's foreign policy. We ask for the support of this subcommittee.

Thank you very much and I will be very pleased to answer your questions this morning.

Mr. HOYER. Thank you very much for that very comprehensive statement. We appreciate it.

[The prepared statement follows:]

STATEMENT OF WILLIAM H. ITOH

EXECUTIVE SECRETARY OF THE NATIONAL SECURITY COUNCIL

Presented Before

The House Committee on Appropriation

Subcommittee on Treasury, Postal Service, and General Government

Thursday, March 17, 1994

Mr. Chairman, Members of the Subcommittee:

I am pleased to appear today before this Subcommittee and to have the opportunity to testify on the National Security Council's budget request for the coming year. Before beginning, I would like to thank you, Mr. Chairman, for your valuable leadership and support on the range of national security issues that confront us.

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We are putting in place practical policies to preserve the environment and to limit the spread of weapons of mass destruction. We have proceeded with sweeping reductions in nuclear arms and declared a moratorium on testing as we move toward a comprehensive test ban. We are involved with the United Nations and our NATO Allies to help resolve the complex tragedy in Bosnia. We have worked to complete our mission of relieving starvation in Somalia and giving that nation a decent interval to pursue reconciliation. We are working to restore democracy and return President Aristide to Haiti.

Because this is the first year of a new administration, the President has ordered over forty-two major policy reviews of various national security issues, and the NSC staff has chaired or participated in all of them. To accomplish the President's goals we have restructured the NSC staff into what we believe is a more efficient organization, while reducing our overall staffing levels. We inherited 179 authorized positions and pursuant to the President's decision to reduce the White House Staff, we are now working with a staff of 151. We have aligned portfolios along geographical and/or functional lines. The NSC staff now includes an Office of Environmental Affairs to ensure that international environmental policy issues are given appropriate attention. We have a separate office dealing specifically with issues of Non-Proliferation of weapons of mass destruction; we have divided our European Office into three separate offices, Western European Affairs and Central and Eastern European Affairs and Russia/Ukraine/Eurasia Affairs, to focus attention on issues pertinent to each geographic area. We have established an office that will promote the expansion and nurturing of emerging democracies throughout the globe. Integrating the National Economic Council into the foreign policy apparatus has been successful in ensuring that economic matters are considered carefully in national security decisions.

We have also developed a close relationship between the Office of Science and Technology Policy and the NSC to provide the President with a more comprehensive outlook on scientific and technological issues.

The agenda we are pursuing is an ambitious one aimed at ensuring America's leadership as we move into the 21st century and advancing our interests across the globe. The budget request we have submitted is aimed at enabling us to carry out this task for the President.

As you are aware, the budget of the National Security Council is a combination of two different entities, the National Security Council and the President's Foreign Intelligence Advisory Board (PFIAB). This budget submission includes funding for both entities.

For fiscal year (FY) 1995, the NSC respectfully requests an appropriation of $6,872,000. This represents a modest increase of $224,000 over our FY 1994 level of $6,648,000. We have carefully reviewed our budget requirements in light of the President's commitment to reduce government spending and believe that we have developed a submission that meets the President's established reduction targets as well as meeting the requirements of the NSC staff.

The majority of the increase ($164,000) is in the area of Personnel Compensation and Benefits. Our justification for this request follows:

(1) $68,000 for Personnel Salaries and Other Personnel Compensation. This amount will fund the 1.6% Cost of Living Adjustment (COLA), which is in accordance with OMB guidelines, for support staff and projected step increases for the support staff.

(2) $14,000 for Personnel Benefits. This amount will cover the increased costs of personnel benefits and a worker's compensation claim.

(3) $82,000 for Special Personnel Service Payments. To meet the increased responsibilities resulting from the merging of the former President's Intelligence Oversight Board (PIOB) into the President's Foreign Intelligence Advisory Board (PFIAB), the PFIAB is requesting the addition of one (1) professional level position over their staffing requirement of FY 1994. This position will be responsible for the legal duties formally performed by the PIOB.

Our budget also reflects a small increase in two other areas, travel and rental payments made to GSA. We are requesting a $25,000 increase in Travel to cover the increased costs of trips made by NSC staff members. The first year of this administration has been an active year in the area of travel as staff members have worked hard to manage a number of foreign policy issues and build relationships abroad with their foreign counterparts. The NSC helped staff four major Summit trips during the past year (Vancouver, Tokyo G-7 Summit, APEC and NATO Summit/Moscow). As we plan for next year, we anticipate that the current need for travel will not diminish. For example, in FY-95 we will host the Summit of the Americas, the largest gathering of heads of state and government ever hosted by the United States. We will staff the President's June trip to Europe to participate in events marking the 50th anniversary of World War II and his July trip to the G-7 Summit in

Naples, Italy. As another example, NSC Staff members are part of the Middle East Peace Process team and travel frequently to that region.

Our request for an additional $63,000 for Rental Payments to GSA (SLUC) is to fund an adjustment in the calculation of our current space distribution.

However, a net decrease of $28,000 in the remaining administrative items reduces our overall administrative increase request to $60,000. I note that the administrative base of the NSC budget has been reduced by $4,000 from FY-94 for a total of $854,000 which is in compliance with the President's initiative for reducing administrative costs.

We believe this budget request represents the minimum necessary to support adequately the President's foreign policy. We ask for the support of the Subcommittee.

Thank you very much and I will be pleased to answer any questions that you may have this morning.

BIOGRAPHICAL SKETCH OF WILLIAM H. ITOH

William H. Itoh is the Executive Secretary of the National Security Council. He has served in this capacity since January 20, 1993. Prior to his appointment at the NSC, he served as the Deputy Executive Secretary of the Department of State (1991-1993).

A career member of the Senior Foreign Service, Mr. Itoh has held a number of positions in the Department of State and abroad. His overseas tours have included an assignment as the U.S. Consul General to Western Australia, in Perth (1986-1990) and as a Consular and Political Officer in the U.S. Embassy in London (1976-1978).

His Washington assignments have included the Office of the Under Secretary for Political Affairs (Special Assistant 1984-1986), the Bureau of East Asian and Pacific Affairs (Special Assistant 1983-1984; Country Officer for Japan 1978-1980) and the Bureau of Congressional Relations (Congressional Relations Officer 1980-1983; Staff Assistant and Executive Officer 1975-1976).

Mr. Itoh is a graduate of the University of New Mexico with a B.A. in Social Science (1966) and M.A in History/Anthropology (1971). He was a secondary teacher in the Albuquerque Public Schools (1967-1968) and Assistant Professor of History at California State University, Humboldt (1972-1973).

Mr. Itoh was commissioned as an officer in the Air Force Reserve in 1967 and served on active duty as a Logistics Officer at Kelly AFB, Texas (1968-1969). As a State Department student he attended the National Defense University, Fort Mc Nair (1990-1991). He was a Distinguished Graduate of the National War College Class of 1991.

Mr. Itoh was born in Tokyo, Japan on May 30, 1943 and attended secondary schools in Albuquerque, New Mexico. He is married to the former Melinda White. They have two daughters, Charlotte, 18, and Caroline, 15. The Itoh family resides in Arlington, Virginia.

BIOGRAPHICAL SKETCH OF J. ROBERT MANZANARES

J. Robert Manzanares is the Director of Administration for the National Security Council. He assumed that position on June 4, 1993. Prior to joining the NSC, he served as the Supervisor, Post Management Officer for the Near Eastern and South Asian Affairs Bureau at the Department of State.

A career member of the Foreign Service, Mr. Manzanares has held a number of positions in the Department of State and abroad. His overseas tours have included an assignment in Reykjavik, Iceland (1987-1990) as Administrative Officer; Consular and Administrative Officer at our Embassy in Mexico City (1981-1984) and Regional Budget and Management Officer at our Embassy in Abidjan, Ivory Coast, West Africa (1979-1981).

His Washington assignments have included a tour as Senior Watch Officer at the Operations Center of the Department of State (1990-1991), Staff Assistant to the Deputy Assistant Secretary for Foreign Buildings Operations (1984-1987), and Administrative Officer in the Administration Bureau responsible for providing support to VIP delegations on official travel abroad.

Mr. Manzanares is a graduate of Adams State College with a B.A. in History and Political Science (1970) and an M.P.A. from the University of Colorado at Boulder (1972).

Prior to joining the Foreign Service, Mr. Manzanares worked in city administration for the City of Boulder and the Town of Vail, Colorado (1972-1978).

Mr. Manzanares was born in San Pablo, Colorado on January 3, 1950 and attended secondary schools in the area. He is married with two children. The Manzanares family resides in Silver Spring, Maryland.

BIOGRAPHICAL SKETCH ON BRONYA H. CLARK

Bronya Clark is the Budget Analyst for the National Security Council. She has served in that capacity from June of 1988 to the present. Mrs. Clark serves as a liaison for the NSC with the Office of Management and Budget and the Office of Administration in preparing the annual NSC budget submission. She works closely with NSC senior staff regarding all budget and travel related issues as it pertains to the NSC budget. She has worked on and formally presented the NSC annual budget submission since 1988. She provides the NSC staff with guidance on travel and general administrative issues as well.

Prior to joining the National Security Council, Mrs. Clark worked with the Executive Office of the President, Office of Administration, Financial Management as an Accountant from 1985 through 1988. Specific accounts handled during this time included the National Security Council, the US Trade Representatives, the White House Office and the Official Residence of the Vice President.

From 1984-1985, Mrs. Clark worked for the Department of the Interior, National Park Service, in the Financial Management Division. While there, she worked in the imprest cashiers office.

Mrs. Clark is a 1984 graduate of Mars Hill College, North Carolina. She holds a Bachelor of Science degree.

Currently, Mrs. Clark resides in Laurel, Maryland with her husband.

STAFFING LEVELS

Mr. HOYER. You mentioned 151 employees, working with the staff of 151; you inherited 179 authorized positions?

Mr. ITOH. Yes, sir.

Mr. HOYER. Do you recall—perhaps you do, Ms. Clark, how many folks were actually on board when you took over?

Ms. CLARK. One hundred and seventy-nine as of January 20.

Mr. ITOH. There were 179 authorized positions as of January.

Mr. HOYER. But how many were there on board?

Mr. CLARK. There were 179 on board.

Mr. HOYER. So you had your full complement?

Ms. CLARK. Yes.

Mr. HOYER. How many on board now?

Mr. MANZANARES. One hundred and fifty-one.

Mr. HOYER. Now, that is 60 FTEs, am I correct?

Mr. MANZANARES. We have 60 authorized FTEs. We have not yet consumed all our FTE. We have a total of 53 FTE's on the NSC payroll and then the difference is made up by detailees, 98 detailees from other agencies.

Mr. ITOH. Our present breakdown on that figure is we have 13 professional staff members and 40 support staff members for a total of 53, which is our current staffing level, and then we have a total of 98 detailees which make up the balance of that total number, aggregate of 151.

We are moving to what is our historic NSC component, 60 positions, and we are in the process of doing that. Obviously, when we reach close to that figure we will be then reducing the number of detailees, but we are looking to the historic figure of 60 in terms of the actual NSC-funded staffing level.

Mr. HOYER. When you say historic figure, how far back is that in level?

Ms. CLARK. As long as I have been here, sir, and that has been for the past six years the numbers have consistently been at 60.

Mr. HOYER. I have some other questions, but let me yield to Mr. Lightfoot.

Mr. LIGHTFOOT. No, you have just asked mine. I was looking at that figure and I saw the 60 and couldn't figure where the rest of the people were. Thank you for your explanation. I have no questions, Mr. Chairman.

Mr. HOYER. All right. Mr. Darden.

Mr. DARDEN. Thank you very much for being here and you have a good Saint Patrick's Day.

Ms. CLARK. Thank you.

INFORMATION SECURITY OVERSIGHT OFFICE

Mr. HOYER. In 1994, the House delayed funding for GSA's Information Security Oversight Office, as you will recall. Funding was restored in the conference because NSC promised to look for a more appropriate home for the Office and move its operations in fiscal year 1995. However, the ISOO is still funded in GSA's 1995 budget.

What is the relationship between GSA and the ISOO? Do you provide guidance and direction to the Office?

Mr. ITOH. Yes, sir. The short answer to where we are on this is that obviously pursuant to the wishes of the Congress, we have, in fact, been conducting a review in terms of what the appropriate place is for ISOO. And certainly one of the real options is to have ISOO as part of the NSC operation.

We are about to issue a draft executive order which would basically provide a new relationship and determine exactly where ISOO should fit. Now, this is a draft and it is going to be circulated around for comment within the administration. So what we are doing is to come close to being able to reconcile this issue.

Now in terms of the second part of your question, yes, we do have people who are actively engaged in the oversight process and we do have an active relationship particularly between our Office of Intelligence Affairs and the ISOO operation.

Mr. HOYER. Mr. Itoh, when do you expect that policy to be enunciated? You said soon.

Mr. ITOH. Soon, yes, sir.

Mr. HOYER. We are going to mark up in May. Will it be done by then?

Mr. MANZANARES. The two reports that are out have a 30-day period where the other agencies can respond. I would say if you have to add a couple more weeks to reconcile any differences so.

Mr. HOYER. When did the 30-day period start to run?

Mr. MANZANARES. I believe the report was to be issued today.

Mr. HOYER. Is that coincidental?

Mr. MANZANARES. No, we are trying to get it out.

Mr. HOYER. It is not incidental to the fact that we are having a hearing. You are trying to get it out. We want it out because we are going to mark up in May and we want to have whatever information we need available to us.

We, obviously, were concerned about this last year. We continue to be concerned about it. Obviously, there ought to be consistency here.

Mr. ITOH. This is, as I say, an issue that we have focused considerable attention on. It turned out to be a little more complicated than we had anticipated at first in terms of resolving it, but I think we are well on the way of resolving it.

DECLASSIFICATION AND STORAGE OF MATERIAL

Mr. HOYER. The Executive Branch has been studying various security matters, including the declassification of materials and the storing of declassified material. What is the status of security issues and which agency is coordinating the efforts?

Mr. MANZANARES. The declassification of materials is part of the two reports that are going to be issued.

Mr. HOYER. This is a parallel report to be issued at the same time?

Mr. MANZANARES. Yes.

STAFF PRODUCTIVITY

Mr. HOYER. Last year, we talked about the grade of your employees, similar to our discussions with CEA. You increased the number of high grade employees for policymaking while eliminating lower grade positions NSC claimed that this action would provide

the President with a more productive staff. Have you measured the effects of this action and if it did result in a more productive staff?

Mr. ITOH. That is a fairly subjective judgment I think for anyone to make in terms of whether we are more productive.

Mr. HOYER. The Vice President says we need to be doing that and therefore we need to make judgments, subjective or objective. Hopefully we will make them on a more objective than subjective basis.

Mr. ITOH. That is right, and let me offer this. First of all, in the first year of the administration, we have a number of policy reviews under way as we are looking at a whole variety of issues, and I think that when I testified here last year, a couple of Members raised the question as to whether or not by facing the kinds of cuts we were looking at, by going down to 147 positions we were in fact cutting too deeply, and I guess my response at that time was that we are going to try to work smarter.

Now, in actual fact, we have undertaken a number or administrative steps, and our upgrade of computer facilities, for example, is part of that. We are looking forward to a telephone upgrade which will also help, so the number of technological steps that we have taken—likewise, there are a number of other office procedural steps we have taken to sort of reduce the work load.

Just as Dr. Tyson testified before, I think we have got a staff that is much, much more computer literate than, say, 10 years ago, so an awful lot of our officers are quite used to drafting almost the finished product. So I think there have been a number of ways we have met this goal.

Now, we have also recognized that by cutting from 179 down to 147 positions we were essentially cutting into some of the functions that we were concerned about. So we did appeal to the chief of staff and we are now at 151 positions, so we have restored several positions to help us in this particular effort. I guess the short answer is that we feel, despite the fact it is a very, very busy place, and the NSC always has been a very busy place, we feel that our current staffing levels at this point are adequate to carry out the mission we are undertaking.

DETAILEES

Mr. HOYER. The detailees, do we have a list of those in the budget? If not, will you give us the list of detailees?

Mr. ITOH. We can certainly give you a breakdown by name and agency.

Mr. HOYER. Are those detailees paid by their home agencies?

Mr. ITOH. Yes.

Mr. HOYER. I would appreciate it if you would include in your list the length of the detail.

Mr. ITOH. Most details are ordinarily done on a one-year basis with a general understanding that that is renewable for a second year and in exceptional circumstances we can discuss with the individual agency whether or not we need that particular individual beyond that. But that is the normal pattern in terms of timing, but we can provide you a full list by name and agency of our detailees.

[The information is provided in the responses to questions for the record.]

WORK LOAD PERFORMANCE MEASUREMENT

Mr. HOYER. Mr. Itoh, I have questions about work load performance measurement that we are submitting to every agency as we look at reinventing government and doing more with less. We realize that measuring performance is difficult to do. We also realize, as you point out, that some of the judgments are for NSC clearly subjective in terms of performance. However, subjective or objective, it is going to become increasingly important for us to make those judgments, both from the Executive Branch standpoint and from the Legislative Branch standpoint.

We need to make judgments on the allocation of resources. So we are trying to compile a record from all the agencies as to how they are making judgments about their performance and whether we are getting the job done with the same or with less resources.

We have some other questions and we will summit those to you.

Mr. Lightfoot, any additional questions.

Mr. LIGHTFOOT. I have a couple questions from Mr. Wolf, but you and I both have to leave here in a few minutes. In the interest of time, I will just submit them for the record.

Mr. HOYER. Mr. Darden.

Mr. DARDEN. No, thank you.

CONCLUSION

Mr. HOYER. Thank you very much for being here. I wanted to ask you some questions but because of time I am not going to, but let me make a comment.

As you know, I have another hat as cochairman of the Commission on Cooperation and Security in Europe. You mentioned the conference that I believe is going to occur in Miami in December.

Mr. ITOH. Yes.

Mr. HOYER. Senator DeConcini and I are very interested in CSCME, the Conference on Security and Cooperation in the Middle East. I have talked to Rabin about it. I have talked to Perez about it and others talked to Arafat about it, as a matter of fact, following the ceremony for the White House. I would be interested in having that sort of on the NSC radar screen as to whether or not that is an appropriate mechanism.

I think it is particularly appropriate for the Middle East because of the diametric differences among many of the Middle East bordering states, as experienced during the Iron Curtain days from 1975 until we signed the agreement to 1989 or 1990. I think it is a mechanism that lends itself to establishing forums for discussion and airing of differences as we get through the bilateral stage, struggling through that bilateral stage. However, as we get through the bilateral stage and we go into the multilateral configuration, I think CSCME would have a lot to offer to the parties in leading to greater stability and understanding and communication between the parties. This was really CSCE's strength which nobody really perceived was going to be the outcome, but that is what happened.

I also think, frankly, it is a good mechanism for the Far East and for the Americas. I would hope that the NSC would be focusing on

that, and when I am wearing my other hat, I would like to discuss that with NSC perhaps with the Helsinki Commission.

Mr. ITOH. We, of course, are aware of your support for CSCME, and I will certainly take back your personal interest in this as well.

Mr. HOYER. Thank you. Thank you very much.

[The questions for the record and budget justification materials follow:]

QUESTIONS SUBMITTED FOR THE RECORD BY THE COMMITTEE

During last year's hearing, there was a great deal of discussion of NSC's proposal to increase the number of high grade employees for policy making while eliminating the lower grade positions. NSC claimed that this action would provide the President with a more productive staff.

Question: Have your measured the effects of this action and if so, did it result in a more productive staff?

Answer: The accomplishments listed in our opening statement of the budget hearing is testimony to the productiveness of the NSC Staff. This Administration has initiated over 42 major policy reviews of various national security issues and the National Security Council staff has chaired or participated in all of them. These reviews could not have been initiated without the confidence that the NSC staff is highly productive.

Question: What are your plans for FY 1995, are you increasing the grade level of the NSC staff by reducing the lower grade positions and increasing the higher grade positions?

Answer: We plan to maintain a similar level of staffing in FY 1995 as we had in FY 1994, both in number and in grade levels.

QUESTIONS SUBMITTED FOR THE RECORD BY THE COMMITTEE

Your statement indicates that $63,000 of the FY 1995 increase is associated with increasing rental payments made to GSA. It is my understanding that GSA has reduced rent rates, not increased them and that the Federal Budget reflects a $207 million savings associated with this reduction.

Question: Has GSA not contacted you about a decrease in your rental payments for 1995; If so, what is the amount which can be reduced from the FY 1995 budget for this decrease?

Answer: GSA has not made contact with the NSC regarding the reduction of rental rates for FY 1995. If the rental rates are to be reduced for FY 1995, the amount which could be deducted from the FY 1995 budget would be $25,000. The remainder of the increase will fund an adjustment in the calculation of our current space distribution.

The NSC requests that the $25,000 be retained in our FY 1995 budget request as we will be adding back into our space allotment the space that was once occupied by the President's Intelligence Oversight Board (PIOB). That space is approximately $40,000 for a full year and the $25,000 will partially offset that expense.

Your statement indicates that $82,000 of the request in Special Personnel Service Payments is to hire one person to accomplish the mission which was formally performed by the President's Intelligence Oversight Board.

Question: Is this person a contract employee?

Answer: No, the position will not be filled by a contract employee. The position will be a reimbursable detailee from a government agency.

Question: Will this person count as an FTE for the NSC? If not, why?

Answer: No, the position will be a reimbursable detailee to the PFIAB. Detailees to the PFIAB have never counted against the NSC FTE personnel count.

Question: Is this position currently filled with a government employee?

Answer: This position is currently vacant.

QUESTIONS SUBMITTED FOR THE RECORD BY THE COMMITTEE

Question: How does NSC measure its performance?

Answer: The true measure of the NSC staff performance is directly related to the success of our foreign policy and the perception by the American and International community of the success of our policies. Unfortunately, the feedback in many cases is not immediate and therefore difficult to assess.

The senior management of the NSC requested that each NSC office establish a set of goals for their specific area beginning this calendar year. We will then measure accomplishments and performance on how successful we are collectively in meeting our goals.

Question: Do these measures simply relate the agency's mission or do they measure how well NSC does its mission?

Answer: The intent is to measure how well the NSC does its mission.

Question: The report which accompanies the House passed 1994 appropriation bill, includes a requirement for agencies to study performance measures. Have you conducted a review of the management of NSC to highlight performance measures?

What are some of the specific measures you have included in the 1995 budget which reflect the review?

Answer: Our initial review of the management of the NSC focused on the organizational structure inherited from the prior administration and assessing if that structure was adequate to meet the foreign policy goals set forth by this administration. We determined it would not and then proceeded to realign portfolios to create a more responsive NSC staff. For example, this included fostering a closer working relation with the staffs of the National Economic Council and Office of Science and Technology Policy insuring that economic affairs and science and technology issues were incorporated in national security issues. We divided our Office of European Affairs into three separate offices: Western Europe, Russia/Eurasia/Ukraine Affairs and Central and Eastern European Affairs to better focus on issues. We established an office of Non-Proliferation and Export Controls to deal with the sensitive issue of the proliferation of weapons of mass

destruction; we created an office of Democracy Affairs to address the issues of emerging democracies and market economies; we have established an office of Environmental Affairs to insure that environmental issues are addressed in national security issues.

Question: **In conducting the review, the committee suggested the use of performance measurement data, especially quality and customer satisfaction information.**

What data have you been able to develop to measure your performance?

Is the application of these data reflected in your 1995 budget request?

Answer: The NSC does not provide a service to the American public as directly as do other federal agencies. We have made some assumptions about what services and expectations the public has of the NSC: These are:

1) Active promotion of American interests throughout the world.

2) Effective and efficient use of the resources granted the NSC.

3) Promotion of national security policies, both at home and abroad that enhance American sense of security.

Question: **The committee also suggested that the performance measures should be linked to planning and agency improvement efforts.**

How have you used these measures to "Benchmark" and develop strategic plans for NSC?

Answer: This process has alerted us to the need for developing strategies of getting our message across to the American public and International communities. We are devoting staff resources to this effort that will help focus on communicating effectively the objectives of U. S. national security policy.

QUESTIONS SUBMITTED FOR THE RECORD BY THE COMMITTEE

Question: Would you use buyout legislation to scale back your workforce?

Answer: No, the NSC has already met the required personnel reduction targets established by the Clinton Administration.

Question: If such legislation is not passed would you implement a reduction-in-force and if so when would this occur and how many people would be affected?

Answer: No, the NSC has already met the required reduction targets established by the Clinton Administration.

Question: To what extent would such legislation help or hinder your efforts?

Answer: The intended legislation will have no affect on the NSC as we have already met our required staffing reduction targets.

QUESTIONS SUBMITTED FOR THE RECORD BY THE COMMITTEE

In 1994, the House deleted funding for GSA's Information Security Oversight Office (ISOO). The funding was restored in the conference because NSC promised to look for a more appropriate home for the office and move its operations in FY 1995. this did not happen and ISOO is still funded in GSA.

Question: What is the relationship between the NSC and the Information Security Oversight Office -- do you provide guidance and direction to the office?

Answer: Under Executive Order 12356, "National Security Information," of April 6, 1982, "The National Security Council shall provide overall policy direction for the information security [security classification] program." The NSC is working with ISOO in the preparation of a new executive order to replace Executive Order 12356.

Question: Last year the committee understood that NSC was in the process of finding a more appropriate agency to fund this office. Why is this office still budgeted in the GSA account -- is this the most appropriate agency to fund it?

Answer: The Administration is nearing the final stages of its review of the security classification system, with the goal of replacing Executive Order 12356 with an Order more attuned to the post Cold War era. A draft executive order has been circulated to agencies for comment. The placement and role of ISOO will be an integral part of that revised Order. In the meantime, however, ISOO continues to play a critical role in overseeing the current system and in assisting in the drafting of the revised system. At this stage of our review, continued funding of ISOO through GSA seemed to be the most appropriate action until a final decision is reached. We are working to resolve this issue as quickly as possible, and we welcome further discussion with the committee on the matter.

Question: Why is this office not funded in NSC?

Answer: NSC serves to advise and assist the President. Because some of ISOO's most important and time consuming functions include administrative matters with respect to other agencies, e.g., inspections and training, ISOO would not be an appropriate component of the NSC.

QUESTIONS SUBMITTED FOR THE RECORD BY CONGRESSMAN BEVILL

Question: What is the current standard, as developed by the Interagency Committee for security equipment, for physical security equipment or containers used to store classified information? Has this standard changed within the past five years? If so, please provide for the record a brief description of the changes.

Answer: The standards for physical security equipment to store classified information are established in Sections 2001.41 and 2001.43 of the Information Security Oversight Office (ISOO) Directive No. 1 (31 CFR Part 2001), copy attached. These standards, in turn, reference the procurement role of the Administrator of General Services to "establish and publish uniform standards, specifications, and supply schedules for security equipment . . . ." In establishing GSA's standards, the Federal Supply Service receives advice from its Interagency Committee on Security Equipment (IACSE). The pertinent Sections of ISOO Directive No. 1 have not changed in the past five years.

Question: Does NSC agree or disagree that the Interagency Committee is the group responsible for setting the standards for physical security equipment? Does NSC believe the standards as set by the Committee are appropriate?

Answer: As noted above, the standards are set in ISOO Directive No. 1, which, in turn, references procurement standards established by the Administrator of General Services. The Interagency Committee does not establish standards, but provides advice on these standards to GSA's Federal Supply Service.

Question: When were the most recent standards set and what is NSC doing to ensure that these standards are implemented?

Answer: Section 2001.41 of ISOO Directive No. 1 was issued on June 25, 1982, and has not been amended since then. Section 2001.43 was also issued on June 25, 1982, and was amended on July 29, 1987. The copy enclosed is the most recent version of both Sections. It is the responsibility of GSA to monitor the implementation of these standards.

Congressman Bevill's Questions (cont.)

Question: Do the containers listed on the GSA-approved supply schedule meet this standard? If yes, are agencies purchasing this equipment and what is the amount of the purchase to date? If not, are agencies purchasing equipment which does not meet standard and is NSC concerned about this possibility?

Answer: As noted above, GSA is responsible for implementation and monitoring. The Department of Defense began a container lock retrofit program in FY 1994 (9,600 locks - $5.7m) and has budgeted $10m to continue this program in FY 1995. We are unaware of any purchases being made that do not meet standards.

Question: My understanding is that there are a number of ongoing studies on the declassification of materials and the storing of classified materials. How many of these studies are ongoing and which agency is coordinating the efforts of each of the study groups?

Answer: Two studies have been conducted that bear on the security classification system. ISOO chaired an interagency working group and developed a draft replacement for Executive Order 12356, "National Security Information." The Director of Central Intelligence and the Secretary of Defense established a Joint Security Commission, which issued a Report to those agency heads that addressed, among other topics, the security classification system. The National Security Council staff is currently coordinating the interagency review of these efforts.

Question: Has the arrest of Mr. Ames on espionage charges changed the focus of these studies?

Answer: The NSC is conducting a separate review of issues relating to the Ames case.

Question: What are the interim results of these studies and when do you anticipate they will be implemented?

Answer: Both the draft Executive Order on National Security Information and the Joint Security Commission Report have been disseminated to agencies for a thirty-day comment period which ends in mid-April. Implementation decisions will be finalized as quickly as possible thereafter.

Subpart D - Safeguarding

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§2001.41 Standards for security equipment [4.1(b) and 5.1(b)]

The Administrator of General Services shall, in coordination with agencies originating classified information, establish and publish uniform standards, specifications, and supply schedules for security equipment designed to provide secure storage for and to destroy classified information. Any agency may establish more stringent standards for its own use. Whenever new security equipment is procured, it shall be in conformance with the standards and specifications referred to above and shall, to the maximum extent practicable, be of the type available through the Federal Supply System.

* * * * * *

§2001.43 Storage [4.1(b)].

Classified information shall be stored only in facilities or under conditions designed to prevent unauthorized persons from gaining access to it.

(a) *Minimum requirements for physical barriers - (1) Top Secret.* Top Secret information shall be stored in a GSA-approved security container with an approved, built-in, three-position, dial-type changeable combination lock; in a vault protected by an alarm system and response force; or in other types of storage facilities that meet the standards for Top Secret established under the provisions of §2001.41. For Top Secret information stored outside the United States, one or more of the following supplementary controls is required:

(i) The area that houses the security container or vault shall be subject to the continuous protection of guard or duty personnel;

(ii) Guard or duty personnel shall inspect the security container or vault at least once every two hours; or

(iii) The security container or vault shall be controlled by an alarm system to which a force will respond in person within 15 minutes.

In addition, heads of agencies shall prescribe those supplementary controls deemed necessary to restrict unauthorized access to areas in which such information is stored both within and outside the United States.

(2) *Secret and Confidential.* Secret and Confidential information shall be stored in a manner and under the conditions prescribed for Top Secret information, or in a container, vault, or alarmed area that meets the standards for Secret or Confidential information established under the provisions of §2001.41. Secret and Confidential information may also be stored in a safe-type filing cabinet having a built-in, three-position, dial-type changeable combination lock, or a steel filing cabinet

equipped with a steel lock bar secured by a GSA-approved three-position changeable combination padlock. Heads of agencies shall prescribe supplementary controls for storage of Secret information in cabinets equipped with a steel lock bar. Access to bulky Secret and Confidential material in weapons storage areas, strong rooms, closed areas or similar facilities shall be controlled in accordance with requirements established by the appropriate agency head. At a minimum, such requirements shall prescribe the use of key-operated, high-security padlocks approved by the General Services Administration.

(b) *Combinations. (1) Equipment in service.* Combinations to dial-type locks shall be changed only by persons having an appropriate security clearance, and shall be changed whenever such equipment is placed in use; whenever a person knowing the combination no longer requires access to it; whenever a combination has been subjected to possible compromise; whenever the equipment is taken out of service; or at least once every year. Knowledge of combinations shall be limited to the minimum number of persons necessary for operating purposes. Records of combinations shall be classified no lower than the highest level of classified information that is protected by the lock.

(2) Equipment out of service. When security equipment is taken out of service it shall be inspected to ensure that no classified information remains, and the built-in combination lock shall be reset to the standard combination 50-25-50. Combination padlocks shall be reset to the standard combination 10-20-30.

(c) Keys. Heads of agencies shall establish administrative procedures for the control and accountability of keys and locks whenever key-operated, high-security padlocks are utilized. The level of protection provided such keys shall be equivalent to that afforded the classified information being protected by the padlock.

[Directive No. 1, 47 FR 27836, June 25, 1982, as amended at 52 FR 28418, July 29, 1987]

QUESTION SUBMITTED FOR THE RECORD BY CONGRESSMAN HOYER

Listing of detailees to the NSC by agency and length of tour.

Historically detailees assigned to the NSC from various executive agencies, are on a one to two year detail with the option of an additional year and in certain exceptions beyond.

The tour of duty for detailees from the Department of Defense has in prior years been an undefined tour.

Attached is a listing of individuals by agency detailed to the NSC. Included also is the length of tour for each individual.

DETAILEES

Length of Tour & Expiration

As of April 7, 1994

DETAILEES

		Length of Tour
DOD Civilians		
DOD Professionals:	Andricos, George M.	6/90 - Open
	Roth, Stanley O.	3/94 - 3/95
	Witkowsky, Anne A.	2/93 - 2/95
DOD Support staff:	Bolinski, Charlene C.	4/85 - Open
	Cicio, Kristen K.	12/91 - Open
	Clark, Vicki M.	1/94 - 1/96
	Cooper, Kathleen H.	3/94 - 3/95
	Edwards, Joan K.	3/94 - 3/96
	Emery, Mary C.	10/90 - Open
	Funches, Christina L.	1/88 - Open
	Houck, Baerbel K.	3/93 - Open
	LaPlante, M. Kay	6/84 - Open
	Lindsey, Wanda D.	7/89 - Open
	Maxfield, Nancy H.	6/89 - Open
	Moody, Angelyn D.	10/78 - Open
DOD Military		
	Bakke, Kyle D.	3/92 - 3/95
	Baldwin, Kenneth N.	9/93 - 9/96
	Bresnahan, Gary E.	6/92 - 6/95
	Bryan, Lloyd D.	6/93 - 6/96
	Burgos, Carlos A.	4/93 - 4/95
	DeShazer, MacArthur	11/93 - 11/95
	Gates, Brian K.	12/93 - 12/95
	Hahn, Keith D.	5/92 - 5/95
	Herrington, David E.	9/92 - 9/94
	Holl, Jane E.	8/91 - 4/94
	Huber, Francis J.	7/91 - 7/94
	Jones, Steven R.	2/93 - 2/96
	McIlhany, Jesika A.	6/93 - 6/96
	Nelson, Patricia D.	10/89 - Open
	Niemerski, Stephen G.	7/92 - 7/94
	Peggins, John W.	12/88 - 8/94
	Porter, Gidell P.	10/93 - 10/96
	Snow, Diana L.	10/91 - 10/94
	Turner, Joe T.	7/93 - 7/95
	Wooton, Kevin B.	10/93 - 10/95
Archives		
Archives Professionals:	Van Tassel, David S.	11/91 - Open

DETAILEES

		Length of Tour
CG		
CG Support staff:	Burlingame, Scott	8/92 - 4/94
DOE		
DOE Professionals:	Poneman, Daniel B.	09/90 - open
EPA		
EPA Professionals:	Claussen, Eileen B.	01/93 - 01/95
FBI		
FBI Professionals:	Mislock, Raymond A.	01/94 - 01/95
OPD		
OPD Professionals:	Kyle, Robert D.	02/93 - open
	Punke, Michael W.	02/93 - open
DEA		
DEA Professionals:	Canas, Richard L.	06/90 - 04/94
DIA		
DIA Support staff:	Alexander, Anne D.	11/92 - 11/94
	Sevigny, Jr., Theodore T	03/93 - 03/95
DISA		
DISA Professionals:	Bieda, James M.	08/92 - 08/95
	Parramore, Carl W.	07/93 - 07/96
	Sigler, Ralph H.	09/84 - open
DISA Support staff:	Atlas, Edwin L.	10/93 - 10/96
	Conley, Stephen C.	08/91 - open
	Perroy, Deborah W.	03/88 - open
	Wadsworth, Valon J.	01/93 - 01/96

State		Length of Tour
State Professionals:	Andreasen, Steven P.	2/93 - 2/95
	Aoki, Steven N.	3/93 - 3/95
	Baker, James E.	2/94 - 12/94
	Beers, Rand R.	3/93 - 3/95
	Beyrle, John R.	9/93 - 9/94
	Burns, R. Nicholas	4/90 - Open
	Clarke, Richard A.	8/92 - 1/95
	Forsythe, Rosemarie C.	3/93 - 3/95
	Fried, Daniel N.	7/93 - 7/95
	Itoh, William H.	1/93 - 1/95
	Kenney, Kristie A.	2/93 - 2/95
	Kreczko, Alan J.	4/93 - 9/94
	Kristoff, Sandra J.	2/93 - 2/95
	LeBourgeois, Julien D.	11/93 - 11/95
	Manzanares, J. Robert	6/93 - 6/94
	Mitchell, Calvin A.	12/93 - 12/94
	Owens-Kirkpatrick, Barbro A.	2/93 - 6/94
	Rossin, Lawrence G.	6/93 - 7/94
	Satterfield, David	4/93 - 4/95
	Steinberg, Donald K.	5/93 - 5/95
	Whyman, William E.	3/93 - 3/95
State Support staff:	Broadway, Jamuna	3/94 - 3/95
TREASURY		
TREASURY Professionals:	Walsh, Helen C.	9/92 - 9/94

QUESTIONS SUBMITTED FOR THE RECORD BY CONGRESSMAN WOLF

Question: Have all the members of the National Security Council obtained permanent passes and the proper security clearances? Please list how many of the employees do have their permanent passes and security clearances at the current time. What is the turn around time for completing background checks and obtaining passes and clearances for your office?

Answer: All 151 members of the National Security Council (NSC) staff have the appropriate security clearances. A total of 95 employees have their permanent passes at this time. However, the fact that the remaining 56 do not have permanent passes does not mean they do not have the appropriate clearances. Granting of permanent passes is a separate function within the Executive Office of the President, and although they rely on Background Investigation's (BI) initiated by the NSC, White House Security is not the approving authority for NSC clearances. The turn around time for completing background checks for this office averages 90 days. However, the turn around time for granting clearances after a completed background check is 5 to 7 working days. The turn around time for obtaining permanent passes from White House Security is 6 to 12 months.

Question: NSC seems to be one of the few areas in the White House office that is being noticeably reduced in size. Do you feel you have sufficient manpower to meet the very diverse foreign policy areas of concern?

Answer: Yes, the NSC has been able to function with the current staff size of 151 personnel.

Executive Office of the President
National Security Council

Congressional Submission
FY 1995

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GENERAL STATEMENT

Executive Office of the President
National Security Council

The National Security Council (NSC) was established by the National Security Act of 1947, 50 U.S.C. section 401 et seq. By Reorganization Plan Number 4, effective August 20, 1949, the Council was placed in the Executive Office of the President.

The NSC advises and assists the President in integrating all aspects of national security policy as it affects the United States -- domestic, foreign, military, intelligence, economic. The President has expanded the role of the National Security Council to include issues of democracy, nonproliferation and the global environment. Working in conjunction with the National Economic Council, the NSC, is also responsible for developing the administration's approach to international economic issues.

Council members are: the President, the Vice President, the Secretary of State, the Secretary of Defense, the Secretary of the Treasury, the US Representative to the United Nations, the Assistant to the President for National Security Affairs, the Assistant to the President for Economic Policy, and the Chief of Staff to the President. The Chairman, Joint Chiefs of Staff, and the Director of Central Intelligence are statutory advisors.

The NSC Staff, the element funded by this budget request, is headed by the Executive Secretary, and provides day-to-day support for the President and his Assistant for National Security Affairs. It seeks to ensure that national security information provided to the President is responsive to his needs, and is properly coordinated among the agencies and within the Executive Office of the President. The Staff prepares policy presentations and arranges meetings for the President and the Council on national security matters.

The NSC is organized with regional and functional offices, headed by senior directors who report directly to the National Security Advisor. The staff facilitates, coordinates, and monitors the review, development, and implementation of national security decisions under the guidance of the President and the National Security Advisor. Through the Executive Secretary, the NSC staffs out Presidential options to concerned agencies to ensure that decision choices are presented to the President in a timely manner with all

relevant views represented. The NSC monitors implementation of decisions to ensure compliance and execution. The NSC provides guidance, review, and policy direction pursuant to E.O. 12333. The NSC seeks to ensure intergovernmental consensus whenever possible and acts as the honest broker in the Presidential decision making process.

The National Security Council budget also provides funding for the President's Foreign Intelligence Advisory Board. The President's Foreign Intelligence Advisory Board has the authority to continually review the performance of all agencies of the Federal government that are engaged in the collection, evaluation, or production of intelligence or the execution of intelligence policy.

END OF YEAR SPENDING

As directed by the House of Representatives Subcommittee on the Treasury, Postal Service, and General Government Appropriations, the National Security Council will insure that necessary procedures are in place to review end of year spending. In the past the National Security Council has conducted a rigorous review of year-end spending to insure that funds are obligated only for necessary items. This review typically begins in the third quarter of each fiscal year and is approved by the Director of Administration, NSC who is also directly accountable for all spending and is charged with the review of year-end spending.

SUMMARY OVERVIEW

Executive Office of the President
National Security Council

For fiscal year (FY) 1995, the National Security Council (NSC) requests an appropriation of $6,872,000. This represents an increase of $224,000 from the FY 1994 appropriation of $6,648,000.

This budget provides funds for two different entities: the National Security Council, $6,221,000, and the President's Foreign Intelligence Advisory Board (PFIAB), $651,000. Unless specified otherwise, funds for both entities are listed in the aggregate in this budget submission.

- The National Security Council is requesting $4,843,000 for total Personnel Compensation and Benefits. This represents an increase of $164,000 from that of FY 1994. A summary follows:

  The NSC staff will include a professional staff of 17 and a support staff of 43 for a total of 60. The budget will include a 1.6% COLA effective January 1, 1995, for support staff only.

  An increase of $68,000 will cover a 1.6% COLA and projected with-in grade step increases; benefits will be increased by $14,000 for FY 1995 to cover increased costs of personnel benefits and a workman's compensation claim.

  Special Personnel Service Payments have been increased by $82,000 to cover the salaries and benefits of four reimbursable detailee positions under the President's Foreign Intelligence Advisory Board (PFIAB). During FY 1995 the board will support 2 SES positions, 1 GS-15 and 1 GS-14 position. During FY 1994, the board supported 2 SES positions and 1 GS-14. The PFIAB has requested one additional professional position over FY 1994 to cover the additional responsibilities assumed by the board under the reorganization of the Presidential Intelligence Advisory Boards.

- Travel is being increased by $25,000 to provide for the required travel the NSC staff will do in FY 1995 in support of the President. This line

item remains in compliance with the President's initiative for reducing administrative costs.

- A reduction of $37,000 has been made within Communications/Rent/Utilities. This reduction has been made to offset increases needed in other areas of our administrative budget. This line item remains in compliance with the President's initiative for reducing administrative costs.

- Printing and Other Services have been increased by $2,000 and $6,000 respectively to cover anticipated increases in printing costs and maintenance contracts. This line item remains in compliance with the President's initiative for reducing administrative costs.

- The total administrative base for FY 1995 for the NSC will be $854,000. This base was established upon guidelines presented by the President's budget under Executive Order 12387.

- Due to an increase in rates established by the General Services Administration (GSA) and an adjustment of our space distribution calculation, the NSC will experience a $63,000 increase in rental payments to GSA for FY 1995. No additional space is being requested for FY 1995.

NATIONAL SECURITY COUNCIL

Budget Overview
(in thousands of dollars)

	Actual FY 1993	Estimated FY 1994	Estimated FY 1995	Net Change FY '94-'95
Budget Authority:				
Appropriation	6,118	6,648	6,872	+224
Employment				
FTP	60	60	60	-0-
Total FTE	60	60	60	-0-

APPROPRIATION LANGUAGE

Executive Office of the President
National Security Council

Salaries and Expenses

For necessary expenses of the National Security Council,

including services as authorized by 5 U.S.C. 3109; [$6,648,000] ***$6,872,000.***

(Executive Office Appropriations Act, 1994)

Executive Office of the President
National Security Council
Program and Financing Schedule
(in thousands of dollars)

Identification Code 11-2000-0-1-802	FY 1993 Actual	FY 1994 Estimate	FY 1995 Estimate
Program by Activities:			
00.01 Policy and Operations Coordination	5,481	6,090	6,221
00.02 President's Intelligence Advisory Board	568	558	651
00.91 Total Direct Program	6,049	6,648	6,872
01.01 Reimbursable Program	54	0	0
10.00 Total Obligations	6,103	6,648	6,872
Financing:			
25.00 Unobligated balance expiring	69	0	0
39.00 Budget Authority	6,172	6,648	6,872
Budget Authority:			
40.00 Appropriation	6,118	6,648	6,872
68.00 Spending authority from offsetting collections	54	0	0
Relation of Obligations to Outlays:			
71.00 Total Obligations	6,103	6,648	6,872
72.40 Obligated balance, start of year	707	579	816
74.40 Obligated Balance, end of year	-579	-816	-1,038
77.00 Adjustments in expired accounts	-4	0	0
87.00 Outlays (gross)	6,227	6,411	6,650
88.00 Deductions from offsetting collections of Federal funds	-54	0	0
89.00 Budget authority (net)	6,118	6,648	6,872
90.00 Outlays (net)	6,173	6,411	6,650

PROGRAM AND PERFORMANCE

Executive Office of the President
National Security Council

The National Security Council advises the President with respect to the integration of domestic, foreign and defense policies related to national security. The President's Foreign Intelligence Advisory Board has the authority to continually review the performance of all agencies of the federal government that are engaged in the collection, evaluation, or production of intelligence or the execution of intelligence policy.

Executive Office of the President
National Security Council
Object Classification
(in thousands of dollars)

Identification Code 11-2000-0-1-802	FY 1993 Actual	FY 1994 Estimate	FY 1995 Estimate
Personnel Compensation:			
11.1 Full-time Permanent	2,810	3,323	3,381
11.3 Other Than Full-time Permanent	221	110	115
11.5 Other Personnel Compensation	171	200	205
11.8 Special Personnel Services Payments	225	338	420
11.9 Total Personnel Compensation	3,427	3,971	4,121
12.1 Civilian Personnel Benefits	592	708	722
13.0 Benefits for Former Personnel	0	0	0
21.0 Travel & Transportation of Persons	286	325	350
22.0 Transportation of Things	3	0	0
23.1 Rental Payments to GSA	1,066	1,075	1,138
23.3 Communications, Utilities, & Misc Charges	351	340	303
24.0 Printing and Reproduction	11	10	10
25.0 Other Services	132	90	92
26.0 Supplies and Materials	105	93	99
31.0 Equipment	76	36	37
99.9 Total Obligations	6,049	6,648	6,872

Executive Office of the President
National Security Council
Personnel Summary of
Salaries and Expenses

Identification Code 11-2000-0-1-802	FY 1993 Actual	FY 1994 Estimate	FY 1995 Estimate
Total Number of Full-time Permanent Positions	60	60	60
Total Compensable Workyears:			
Full-time Equivalent Employment	51	60	60
Full-time Equivalent of Overtime and Holiday Hours	4	5	5
Average GS Scale Grade Level	10.40	10.20	10.40
Average GS Scale Staff Salary	40,200	39,500	41,000
Average Senior Level Staff Salary	93,500	93,600	94,400

Executive Office of the President
National Security Council
Detail of Permanent Positions

Identification Code 11-2000-0-1-802	FY 1993 Actual	FY 1994 Estimate	FY 1995 Estimate
Executive Level Positions	0	0	0
Senior Level Positions	13	18	17
General Schedule (GS)			
GS-15	3	3	4
GS-14	1	1	1
GS-13	3	3	3
GS-12	4	5	5
GS-11	5	4	5
GS-10	7	7	8
GS-09	9	10	8
GS-08	2	2	2
GS-07	4	4	5
GS-06	2	3	2
GS-05	0	0	0
Total Employment	53	60	60
Unfilled Positions, end of year	7	0	0
Total Full-Time Employment	51	59	59
Total Part-Time Employment	2	1	1
Unfilled Positions, end of year	7	0	0
Total Employment End of Year	60	60	60

These numbers do not reflect the 4 reimbursable detailee positions that PFIAB will be supporting in FY 1995, to include: 2 SES positions, 1 GS-15 and 1 GS-14. The PFIAB currently supports 3 reimbursable detailees: 2 SES positions and 1 GS-14.

SUMMARY TABLE

Executive Office of the President
National Security Council

Summary of Budget Authority by Object Class
FY 1993 - 1995

BUDGET OVERVIEW
(in thousands of dollars)

	FY 1993 Actual	FY 1994 Estimated	FY 1995 Estimated	FY '94-'95 Net Change
Personnel Compensation: Full-time Permanent	2,810	3,323	3,381	+58
Other Than Full-time Permanent	221	110	115	+5
Other Personnel Compensation	171	200	205	+5
Special Personnel Services Payments	225	338	420	+82
Total Personnel Compensation	3,427	3,971	4,121	+150
Civilian Personnel Benefits	566	683	696	+13
Benefits for Former Personnel	26	25	26	+1
Total Compensation & Benefits	4,019	4,679	4,843	+164
Travel & Transportation of Persons	286	325	350	+25
Transportation of Things	3	0	0	0
Rental Payments to GSA	1,066	1,075	1,138	+63
Communications, Utilities and Miscellaneous Charges	351	340	303	-37
Printing & Reproduction	11	10	10	0
Other Services	132	90	92	+2
Supplies & Materials	105	93	99	+6
Equipment	76	36	37	+1
Total Direct Program	6,049	6,648	6,872	+224
Reimbursables	54	0	0	0
Budget Authority	6,103	6,648	6,872	+224

EXPLANATION AND JUSTIFICATION OF CHANGES BY OBJECT CLASS FOR FY 1995

Executive Office of the President
National Security Council

(in thousands of dollars)

FY '94	FY '95		Change
$4,679	$4,843	Personnel Compensation & Benefits FY 1995 - $4,843,000	$164

The Personnel category provides funding for all salaries, overtime and benefits including the government's share of FERS, CSRS, Medicare, and contributions to the Thrift savings Plan (TSP).

Funding levels for the National Security Council are primarily determined by expenditures for personnel. Seventy percent (70%) of the total funds requested for FY 1995 is for personnel compensation. Funds in the amount of $4,843,000 will cover the NSC staff of 60 employees and the PFIAB for FY 1995. A summary follows:

The NSC staff will be composed of 43 support staff and 17 professional staff members. An increase of $82,000 will cover a 1.6% COLA adjustment (effective January 1, 1995) for 43 support staff only, automatic with-in grade step increases and promotions for support staff, personnel benefits and a workman's compensation claim.

Special Personnel Service Payments for PFIAB have been increased by $82,000 to cover new salary requirements for FY 1995. During FY 1994, the PFIAB supported 2 SES positions and 1 GS-14. During FY 1995, PFIAB will support 2 SES positions, 1 GS-15 and 1 GS-14 position. The PFIAB

has requested the addition of one professional staff member to take on additional responsibilities assumed during the reorganization of the intelligence advisory boards. This increase will cover their salary cost and benefits.

$325	$350	Travel and Transportation of Persons FY 1995 - $350,000 This will cover the cost of trips made by NSC staff members on behalf of the President. This request is in compliance with the President's initiative for reducing administrative costs.	$25
$1,075	$1,138	Standard Level User Charges FY 1995 - $1,138,000 The cost of NSC's office space is projected to increase by $63,000 during FY 1995. This is due to the following: an increase in rates established by the GSA for FY 1995 and the correction of space currently in use by the NSC that has not been included in our space estimate by GSA in prior fiscal years. The correction will take effect in FY 1995. No additional space is being requested for FY 1995.	$63
$340	$303	Communications, Other Rent and Utilities FY 1995 - $303,000 The $303,000 requested will provide for the NSC's commercial telephone needs, FTS, White House Switch board, postage, after-hour utilities/GSA, and telegraph communications. This request is in compliance with the President's initiative for reducing administrative costs.	($37)

FY '94	FY '95		Change
$10	$10	Printing FY 1995 - $10,000 The $10,000 requested will fund the NSC's projected printing requirements. This request is in compliance with the President's initiative for reducing administrative costs.	$0
$90	$92	Other Services FY 1995 - $92,000 The $92,000 requested will provide for the maintenance and repair of NSC equipment such as copying and fax machines, GSA reimbursable work authorizations, scheduled office renovation projects and training. This request is in compliance with the President's initiative for reducing administrative costs.	$2
$93	$99	Supplies FY 1995 - $99,000 This request will provide for the NSC's traditional office supplies and library materials as required. This request is in compliance with the President's initiative for reducing administrative costs.	$6
$36	$37	Equipment FY 1995 - $37,000 The $37,000 requested will provide NSC with funding to replace damaged furniture and copying/fax equipment as required.	$1
$6,648	$6,872	TOTAL FOR ALL OBJECT CLASSES	$224

SUMMARY OVERVIEW (FINANCIAL)
Executive Office of the President
National Security Council

Fiscal Year 1994 Appropriation	**$8,648,000**
Changes in Current Services Level	
Increase in Full-Time Salaries to include a 1.6% COLA and With-in Grade step increases for Support Staff	$58,000
Increase in Special Personnel Service Payments	$82,000
Increase in Other Personnel Compensation	$5,000
Increase in Overtime for Support Staff	$5,000
Increase Cost of Personnel Benefits and and a Workman's Compensation Claim	$14,000
Increase in Rent Payments to GSA (SLUC)	$63,000
Increase in Equipment	$1,000
Administrative Adjustments:	
Increase in Travel	$25,000
Decrease in Rent/Communication/and Utilities	($37,000)
Increase in Other Services	$2,000
Increase in Supplies	$6,000
Fiscal Year 1995 Request Level	**$8,872,000**

TUESDAY, MARCH 22, 1994.

OFFICE OF ADMINISTRATION

WITNESSES

PATSY L. THOMASSON, SPECIAL ASSISTANT TO THE PRESIDENT AND DIRECTOR OF THE OFFICE OF ADMINISTRATION

JOHN W. CRESSMAN, ASSISTANT DIRECTOR OF THE OFFICE OF ADMINISTRATION

JURG E. HOCHULI, DIRECTOR, FINANCIAL MANAGEMENT DIVISION, OFFICE OF ADMINISTRATION

INTRODUCTORY REMARKS

Mr. HOYER. The Treasury Postal Committee will come to order. I would like to welcome Patsy Thomasson, the Director of the Office of Administration for the White House and Special Assistant to the President for Management and Administration to our hearing once again. She will introduce her colleagues.

The new administration had just taken office the last time you came in and their office was not as well organized as we all hope it is now, and I know you do as well.

Today we are going to review several issues, some of which are related to our start-up problems. We are going to examine personnel levels at the Executive Office to determine whether or not you are at or below ceilings.

We are going to look into payroll practices to make sure that some of the start-up problems that were encountered last year have been corrected. We are going to talk about the level of cooperation with GAO on providing the access to the information that they need in the White House Travel Office investigation.

We are going to review the procurement of the new telephone system which we discussed last year, and we are going to examine the process for issuing passes to enter the White House, which has been raised on a number of occasions and which this committee is concerned about.

And I might say, on this point, you probably share my view that we believe the White House employees should be required to complete the paperwork for background investigations in a timely way and that appropriate action be taken to ensure that this occurs. You may want to discuss what you have done on that issue.

And after we have reviewed those issues, we are going to review, of course, the fiscal year 1995 budget request.

Again, I want to welcome you. Mr. Lightfoot.

Mr. LIGHTFOOT. Thank you, Mr. Chairman.

Welcome, Ms. Thomasson, and we appreciate you coming today. Are you pleading the Fiske today? We have had a few occasions where—

Mr. HOYER. I am glad you implied that that was a humorous line.

Mr. LIGHTFOOT. Yes. Well, but I would like, on a more serious note, as a great man said last year, this subcommittee has a legitimate right to procure answers on how the American people's money is being spent. Of course that great man was our Chairman, Mr. Hoyer. And that is not a humorous note.

The President stated in his acceptance speech at the Democratic National Convention in 1992 in quotes, "I was raised to believe the American dream was built on rewarding hard work, but we have seen the folks in Washington turn the American ethics on its head. For too long, those who play by the rules and keep their faith have gotten the shaft and those who cut corners and cut deals have been rewarded," close quote, by Mr. Clinton.

Minority Members of this subcommittee have been concerned about the patterns that we have witnessed of nonanswered or incomplete answers to our questions about White House operations. Sometimes I have to wonder if the evasive answers we get from the White House are—we just wonder what it is due to, if there is some paranoia or whatever, because some of the questions are pretty innocuous.

It would seem to me that the President would want to reduce the perception in the minds of the American people that Washington was a place where people who cut corners and cut deals have been rewarded and would want to be as forthcoming as possible and as above suspicion as possible.

This is a packet of letters that Mr. Istook and Mr. Wolf and myself have written over the past year asking questions which we think are budgetary related, that are not policy related and certainly don't, I think, intimate anything that is out of the ordinary, and they have basically gone unanswered or vaguely answered, and we are looking at roughly $42 million worth of the taxpayers' money, and we think that as elected representatives of those people, we have some responsibility to find out how that money was spent and why it was spent, and it wouldn't make any difference who is in the White House. That has nothing to do with it.

The White House has on at least two occasions refused to send up witnesses that we requested to appear before our subcommittee. Last year we requested David Watkins, and I am not certain what the grounds were, whether the White House considered him too high a level or whether it was a person that reported personally to the President, because that was what we were told last week when we asked for the chief usher, Gary Walters, on the grounds that he personally reports to the President. That was the reason we were given.

But just for the record, a couple quick points, in 1985 a fellow by the name of John Rogers, Assistant to the President for Management and Administration appeared before this subcommittee to testify in support of the Nixon White House budget request, a person holding the same position as Mr. Watkins. And in 1976, a Mr. James Conner, who held the title of Staff Secretary to the President, testified before our subcommittee, and I can't be certain, but I would venture to guess an individual of that title probably personally reported to the President.

I will ask this question later when we get into it as to why that seems to be the different designation that we are using here.

Anyway, we look forward to the questions and appreciate your coming down today.

Mr. HOYER. Thank you.

As a preliminary matter, Mr. Lightfoot mentioned, and we had discussions last year, about the appropriate person to testify before the committee. I had the committee determine from 1981 to date, who testified. Essentially the titles have been changed.

In 1981, it was Special Assistant for Administration who testified, Hugh Carter and the Director of the Office of Administration, Richard Harden. John Rogers special District to the President for Administration, testified in 1982.

Mr. LIGHTFOOT. And I misspoke, Mr. Chairman. I said President Nixon. That was President Reagan in 1985.

Mr. HOYER. In 1985 and 1986, it was the Special Assistant rather than Deputy Assistant, but since 1983, under Presidents Reagan, Bush, and Clinton, it has been the Director of the Office of Administration who has presented the budget here. We will now recognize the Director of the Office of Administration, Patsy Thomasson, for the purpose, Ms. Thomasson, of making such statement as you would like to make.

Obviously we are hearing seven discrete budgets, separate budgets, but they are all under the Office of Administration; is that correct?

Ms. THOMASSON. Seven discrete budgets, all part of the Executive Office of the President. The Office of Administration's budget is one I particularly deal with on a regular basis, but all of these are part of the Executive Office of the President.

Mr. HOYER. All right. You may proceed in such manner as you deem appropriate. We will include your statement in full in the record at this time.

Welcome.

[The justifications follow:]

Executive Office of the President

Congressional Budget Submission

- Compensation of the President
- White House Office
- Office of Administration
- Special Assistance to the President
- Official Residence of the Vice President
- Unanticipated Needs
- Office of Policy Development

FISCAL YEAR 1995

EXECUTIVE OFFICE OF THE PRESIDENT

COMPENSATION OF THE PRESIDENT

FISCAL YEAR 1995 BUDGET

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Compensation of the President

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MISSION STATEMENT

Executive Office of the President
Compensation of the President

The purpose of the Compensation of the President account is to provide for compensation and a non-taxable expense account to the President.

APPROPRIATION LANGUAGE

Executive Office of the President
Compensation of the President

Salaries and Expenses

For compensation of the President, including an expense allowance at the rate of $50,000 per annum as authorized by 3 U.S.C. §102; $250,000: *Provided*, That none of the funds made available for official expenses shall be expended for any other purpose and any unused amount shall revert to the Treasury pursuant to section 1552 of title 31 of the United States Code: *Provided further*, That none of the funds made available for official expenses shall be considered as taxable to the President. *(Executive Office Appropriations Act, 1994.)*

PROGRAM AND PERFORMANCE

Executive Office of the President
Compensation of the President

These funds provide for the compensation of the President and for official expenses.

Executive Office of the President
Compensation of the President
Program and Financing Schedule
(In Thousands of Dollars)

Identification Code 11-0001-0-1-802	FY 1993 Actual	FY 1994 Estimated	FY 1995 Estimated
Program by Activities:			
00.01 Compensation of the President	200	200	200
00.02 Expenses	8	50	50
10.00 Total obligations	208	250	250
Financing:			
25.00 Unobligated balance expiring	42	0	0
Budget Authority:			
40.00 Appropriation	250	250	250
Relation of Obligations to Outlays:			
71.00 Total obligations	208	250	250
77.00 Adjustments in expired accounts	1	0	0
90.00 Outlays (net)	209	250	250

Executive Office of the President
Compensation of the President
Object Classification
(In Thousands of Dollars)

	FY 1993 Actual	FY 1994 Estimated	FY 1995 Estimated
Personnel Compensation:			
Full-time Permanent	200	200	200
Other Services	8	50	50
Total Obligations	208	250	250

EXECUTIVE OFFICE OF THE PRESIDENT

WHITE HOUSE OFFICE

FISCAL YEAR 1995 BUDGET

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MISSION STATEMENT

Executive Office of the President
White House Office

The White House Office provides advisory and administrative support directly to the President, requiring a full range of professional, managerial and support staff.

Professional staff advises the President on issues as varied as national security, domestic and economic policy, legislative affairs, Presidential appointments, as well as communications and interaction with the national and international news media. White House staff serve as liaison with cabinet departments and agencies, various public groups and constituencies, and local and state governments. Staff members also facilitate the President's outreach and responses to the American public through various forms of communication.

The White House coordinates the activities of the Cabinet, the National Economic, Domestic Policy and the Environmental Councils, manages the President's schedule of activities and appointments, supports the activities of the First Lady, and oversees all White House operating units.

END OF YEAR SPENDING

As directed by the House of Representatives Subcommittee on the Treasury, Postal Service, and General Government Appropriations, the White House Office will insure that necessary procedures are in place to review end of year spending. In the past the White House Office has always undertaken a rigorous review of year-end spending to insure that funds are obligated only for necessary items. This review typically begins in the third quarter of each fiscal year and is approved by the Assistant to the President for Management and Administration. The Director of White House Operations is directly accountable for all expenditures and is charged with the review of year-end spending.

SUMMARY OVERVIEW

Executive Office of the President
White House Office

For fiscal year (FY) 1995, the White House Office (WHO) is requesting $41,822,000 and 400 full time equivalent (FTE) positions, an increase of $3,068,000 or 7.9% over the FY 1994 appropriation. The FTE request for FY 1995 is the same number as requested in FY 1994. The FY 1995 request will enable the WHO to enhance the ability of providing the President with effective support within the current FTE approved levels.

The FY 1995 budget request reflects a substantial increase in the personnel compensation category. This increase (65% of the total increase) will enable the WHO to provide the President with top quality advisors to support varied initiatives comparable in magnitude to health care, welfare reform, crime reduction and conversion of portions of the defense industry to civilian activities. Within this increase is an estimate for within grade increases and promotions for employees paid on the General Schedule (GS) equivalent scale, as well as a 1.6% government wide salary increase effective January 1, 1995.

The non-personnel categories reflect the administrative support requirement to meet the ambitious legislative agenda of the President. Increases are included for Travel, $40,000; office rent, $400,000; communications and utilities, $297,000; printing, $49,000; other services, $177,000; supplies, $40,000; and equipment purchases, $75,000.

Funds were reprogrammed into personnel compensation in FY 1994 to cover increased personnel cost associated with recruiting and maintaining a higher level of expertise to support the President's ongoing initiatives.

SUMMARY OVERVIEW (FINANCIAL)
Executive Office of the President
White House Office

Fiscal Year 1994 Request	**$38,754,000**
Fiscal Year 1995 Increases/Decreases	
Personnel Compensation & Benefits	**$1,990,000**
GSA Rent Adjustment	**$400,000**
Miscellaneous Adjustments	**235,000**
Other Current Services Level Increases/Decreases	**$643,000**
Administrative Reduction	**($200,000)**
Fiscal Year 1995 Request	**$41,822,000**

Personnel Summary

FY 1994 Authorization - FTE	**400**
FY 1995 Request - FTE	**400**

APPROPRIATION LANGUAGE
Executive Office of the President
White House Office

Salaries and Expenses

For necessary expenses for the White House as authorized by law, including not to exceed $3,850,000 for services as authorized by 5 U.S.C. §3109 and 3 U.S.C. §105; including subsistence expenses as authorized by 3 U.S.C. §105, which shall be expended and accounted for as provided in that section; hire of passenger motor vehicles, newspapers, periodicals, teletype news services, and travel (not to exceed $100,000 to be expended and accounted for as provided by 3 U.S.C. §103); not to exceed $19,000 for official entertainment expenses, to be available for allocation within the Executive Office of the President; [$38,754,000] *$41,822,000.*

(Executive Office Appropriations Act, 1994.)

PROGRAM AND PERFORMANCE

Executive Office of the President
White House Office

These funds provide the President with staff assistance and provide administrative services for the direct support of the President.

Executive Office of the President
White House Office
Program and Financing Schedule
(In Thousands of Dollars)

Identification Code 11-0110-0-1-802	FY 1993 Actual	FY 1994 Estimated	FY 1995 Estimated
Program by Activities:			
00.01 Direct program	42,635	38,754	41,822
01.01 Reimbursable program	185	200	200
10.00 Total obligations	42,820	38,954	42,022
Financing:			
25.00 Unobligated balance expiring	160	0	0
39.00 Budget Authority	42,980	38,954	42,022
Budget Authority:			
40.00 Appropriation	40,695	38,754	41,822
42.00 Transferred from other accounts	2,100	0	0
68.00 Spending authority from offsetting collections	185	200	200
Relation of Obligations to Outlays:			
71.00 Total obligations	42,820	38,954	42,022
72.40 Obligated balance, start of year	3,885	5,406	5,406
74.40 Obligated balance, end of year	-5,406	-5,406	-6,731
77.00 Adjustments in expired accounts	-928	0	0
87.00 Outlays (gross)	40,371	38,954	40,697
88.00 Deductions from offsetting collections: Federal funds	-185	-200	-200
89.00 Budget authority (net)	42,795	38,754	41,822
90.00 Outlays (net)	40,186	38,754	40,497

Executive Office of the President
White House Office
Personnel Summary

	FY 1993 Actual	FY 1994 Estimated	FY 1995 Estimated
General Schedule Positions (FTP)	80	75	75
Ungraded Positions (FTP)	321	325	325
Total Employment, end of year (FTE)	445	400	400
Detail of Positions			
Direct			
Total Compensable Workyears:			
Full-time Equivalent Employment	445	400	400
Full-time Equivalent of Overtime and Holiday Hours	2	2	2
Average GS Grade	9.51	9.51	9.51
Average GS Salary	$36,971	$38,093	$38,702
Average Salary of Ungraded Positions	$51,575	$52,436	$55,703

Executive Office of the President
White House Office
Object Classification
(In Thousands of Dollars)

	FY 1993 Actual	FY 1994 Estimated	FY 1995 Estimated
Personnel Compensation:			
Full-time Permanent	20,386	18,952	20,092
Other Than Full-time Permanent	1,559	1,284	1,630
Other Personnel Compensation	40	50	50
Special personnel services payments	152	50	50
Total Personnel Compensation	22,137	20,336	21,822
Civilian Benefits	5,523	4,976	5,480
Travel of the President*	71	100	100
Travel & Transportation of Persons*	788	776	816
Transportation of Things	15	22	22
Rental Payments to GSA	4,994	4,450	4,850
Communications, Utilities, & Misc. Charges	3,337	3,728	4,025
Printing & Reproduction	1,202	1,089	1,138
Other Services	2,316	1,823	2,000
Official Entertainment	7	19	19
Supplies and Materials	692	560	600
Equipment	1,553	875	950
Subtotal, Direct Obligations	42,635	38,754	41,822
Reimbursable Obligations	185	200	200
Total Obligations	42,820	38,954	42,022

**Although these amounts are included in the total budget request, they did not print in the final budget appendix due to a programming error.*

DETAILED EXPLANATION JUSTIFICATION OF CHANGES BY OBJECT CLASS FOR FISCAL YEAR 1995

Justification of Changes by Object Class (In Thousands of Dollars)

Increases for Current Services and Request Level

FY '94	FY '95		Net Change
		Personnel Compensation and Benefits	
$25,312	$27,302		$1,990

This object class funds salaries for full- and part-time employees, overtime, benefits, workman's and unemployment compensation, and terminal leave for White House Office employees. The requested increase in these object classes results from a variety of factors.

WHO is requesting a $27,302 and 400 FTEs in this object class so that it can enhance the ability to provide a higher calibre professional support staff to the President. This is an 7.9% increase over the FY 1994 appropriation.

With the variety of initiatives which the President has put forth, as well as his ambitious legislative agenda, there is a need for top quality advisors who require a higher level of compensation, within the WHO imposed salary caps established at the beginning of the Administration.

In addition, as a means of retaining quality staff an estimate is included for within-

FY '94	FY '95		Net Change
		grade increases and promotions (within OMB guidelines) for those WHO employees paid on the GS equivalent scale. As the structure and organization of the White House Office continues to develop, it is anticipated that the pattern of employment at the WHO will move toward an even greater percentage of policy making positions. We intend for the number of GS equivalent positions to remain at its current level of 75. Finally, nearly all WHO employees, having, by and large, come into government service with the present Administration, are new to the federal government. New government employees are covered by the Federal Employees Retirement System (FERS), which results in a higher benefit rate to an agency than the previous Civil Service Retirement System. Also driving the higher benefits estimate is the anticipated increase in participation in the Thrift Savings Plan (TSP) due to the larger proportion of WHO staff covered by FERS. The TSP increases to the costs of benefits for the WHO are in the form of the required agency "match".	
		<u>Travel of the President</u>	
$100	$100		$0
		This provides for the official traveling expenses of the President as authorized by 3 U.S.C. §103.	

FY '94	FY '95		Net Change
		No additional funds are requested for FY 1995.	
		Travel and Transportation of Persons	
$776	$816		$40
		Official costs of the White House Office staff travel such as per diem, hotel, transportation, auto rental, and local transportation are met from this category.	
		An additional $40 is requested for travel. This is a requested increase in an object class which has not had any growth since FY 1992, and represents 2.5% growth over the two years. This request will provide a sufficient level of funding in FY 1995 even with an ambitious policy agenda.	
		In addition, a reduction is included to reflect the impact of the President's initiative on administrative cost reduction.	
		Transportation of Things	
$22	$22		$0
		Funding in this line provides for overnight express packages as well as freight or other shipping charges.	
		No increase is requested in this object class.	

FY '94	FY '95		Net Change
		Rental Payments to GSA (Rent)	
$4,450	$4,850		$400
		Funding in this category provides for office space rental from GSA. A total of $4,850 is requested for payments for office, storage, parking, and joint-use space on the Executive Office of the President Complex.	
		This is an increase of $400 which reflects costs for temporary and permanent space for WHO employees at rates established by GSA.	
		Rent, Communications, and Utilities (RCU)	
$3,728	$4,025		$297
		This line provides for telephone (commercial and FTS), telegraph, after-hour utilities, postage, and leasing cost for miscellaneous office equipment, including photocopiers.	
		The level of funding requested will enable WHO to meet its obligations for telecommunications resources, equipment leases, and after-hours utilities payments to GSA. A significant part of the increase is due to factors beyond the WHO's control, such as recently announced increases in basic telephone line rates by the local telephone service carrier and an anticipated increase in postage rates. An estimate of $80 has been incorporated for these increases along with $94 for inflation.	

FY '94	FY '95	Net Change

Additional funding is requested for satellite time. Testing and initial use of satellite feeds, funded in FY 1994 request, has been successful, allowing the President easier, faster and more economical outreach. This process enables the President to be in Washington and meet with various groups in other states. We are requesting additional funding in the amount of $197 to continue to increase this use of technology so that the President can communicate more directly with the American public.

To meet the President's goal of reducing the cost of administrative services, a reduction of $74 is included in this line item.

	Printing and Reproduction	
$1,089	$1,138	$49

These funds provide for the government and commercial printing requirements of the White House Office. Funds in this object class are also used for printing in the Federal Register. This is a net increase of 4% over the fiscal year 1994 budget.

An administrative reduction of $27 is included in this line item in support of the President's initiative to reduce administrative costs.

FY '94	FY '95		Net Change
		Other Services	
$1,823	$2,000		$177

A wide range of commercial and government services are funded in this category including maintenance contracts on all general and information management equipment, payments for information systems development and support, repairs or alterations to existing space, and training or conference fees.

The increase in this object class is due primarily to continued systems development for the White House correspondence system. In FY 1993 supplemental funds were requested for an upgrade of the WHO correspondence system. Those funds allowed the WHO to upgrade its correspondence system to keep current with its volume of mail. Of the requested increase, $150,000 would allow other divisions of the White House (such as the Immediate Office of the President as well as other offices in the White House) to integrate their correspondence within the existing system, as well as provide "read only" access of Presidential correspondence by selected individuals and/or divisions. Under this arrangement, the WHO could move toward a unified correspondence system for use throughout the White House Office, therefore avoiding redundant applications and the associated costs in supporting a patch-work of systems in use by various offices within the WHO.

FY '94	FY '95		Net Change
		In addition, with the ambitious agenda of the President, there is a need for increased computer services. This includes not only a broader application of desktop technology but also a greater reliance on commercial timesharing services. We are requesting an additional $60,000 in FY 1995 for these services. In keeping with the President's directive to reduce administrative costs, a reduction of $33 is included in this line item.	
$19	$19	Official Entertainment The $19 allowance for entertainment is used strictly for official entertainment expenses of senior Executive Office of the President and White House staff when the President is not directly involved. No increase in funding is requested.	$0
$560	$600	Supplies and Materials Traditional and information management office supplies as well as reproduction supplies and computer software required to support the President and staff are funded by the line item. The net increase of $40 is primarily for personal computer software required to support the growing technological base at the White House Office and to meet the needs of the	$40

FY '94	FY '95		Net Change
		President's various initiatives. In keeping with the President's directive on reducing administrative costs, a reduction of $19 is included in this line item.	
$875	$950	Equipment A net increase of $75 is requested to continue replacement of general office equipment and personal computers previously purchased which are now nearing obsolescence. With replacement parts becoming more expensive, if even available, and with some machines having surpassed their anticipated life cycle, replacement is a more economically viable option. This amount will also allow the WHO to begin a four year cycle of replacement of existing desktop machines. This will enable the WHO to ensure that its desktop machinery has sufficient capacity to maximize infrastructure improvements made in previous years and take full advantage of the latest distributed processing advances. In accordance with the President's goal to reduce the cost of administrative services, a decrease of $22 is included in this line item.	$75
$38,754	$41,822	TOTAL FOR ALL OBJECT CLASSES	$3,068

EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF ADMINISTRATION

FISCAL YEAR 1995 BUDGET

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Office of Administration

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MISSION STATEMENT

Executive Office of the President
Office of Administration

The Office of Administration (OA) was created by Reorganization Plan No. 1 of 1977 and formally established by Executive Order 12028, on December 12, 1977. The OA provides a full array of customer based administrative services to approximately 1,800 clients in all agencies of the Executive Office of the President (EOP) including direct support services to the President. Specifically, the OA provides financial and personnel management services; information management, library and records management services; and general services support.

OA is comprised of the following offices:

Office of the Director. The Office of the Director oversees and manages the agency's resources, ensuring that priorities are addressed and objectives are met in order to fulfill OA's customer oriented mission. This Office also includes the Assistant Director, the General Counsel, the Freedom of Information Act Officer, the Customer Advocacy Group, and OA's Deputy Directors. The General Counsel furnishes legal advice to agency management on a broad range of issues. The Customer Advocacy Group provides direct administrative support for the Office of Policy Development (OPD) and operates a clearinghouse for the resolution of problems encountered by EOP staff and rapid response to short-term projects. The Director's Office provides assistance to the EOP agencies in establishing policies and procedures for internal controls and assists them in preparing the annual report mandated by the Federal Managers Financial Integrity Act.

Office of Resources Management. The Office of Resources Management serves the EOP agencies through the provision of human and financial resources. The two divisions within the office are the Personnel Management Division and the Financial Management Division. The Personnel Management Division provides the EOP agency customers with a complete range of human resource management services: payroll, personnel actions, counseling employees on personal and professional matters, personnel security, managing the Equal Employment

Opportunity (EEO) program, and executing the provisions of the EOP Drug-Free Workplace Plan. The Financial Management Division provides all EOP agencies with a full line of financial services, including budget formulation, execution and analysis as well as providing centralized accounting services. The division also serves as the custodian of the official financial records of the EOP.

Office of Information Management. The Office of Information Management is comprised of two divisions: Information Services and Technology Division and the Library and Research Services Division. The Office of Information Management is responsible for the integration, coordination, and oversight of all EOP information and data processing management systems. The Office of Information Management maintains a 24 hour a day operation of the Executive Office of the President Data Center (EOPDC) for mainframe and mini-computer systems. In addition, the Office maintains a help desk to provide EOP customers with telephone advice to resolve problems encountered in the operation of local area network (LAN), personal computer (PC) and mainframe applications. Support in the installation of end-user hardware and software, as well as training for software products (e.g., wordprocessing, spreadsheets, electronic mail) is provided. Software application development and maintenance services are also made available to our EOP clients. In addition, this Office operates an on-site personal computer maintenance facility.

Recognizing the convergence of data and library management systems, the Office is also responsible for managing three libraries serving the entire EOP community with a permanent collection of 72,000 volumes and more than 1,000 non-circulating journal titles, as well as online data research and compact disc/read-only memory (CD/ROM) capabilities.

Office of General Services. The Office of General Services provides a variety of common administrative services including interoffice mail delivery and messenger service throughout the EOP complex, as well as deliveries throughout the metropolitan area. The Publishing Branch prepares documents and visual aids, oversees the operation of two large-scale duplicating shops, and assists the EOP agencies in preparing and designing publications. The Procurement Branch negotiates contracts and procures goods and services on behalf of all EOP agencies. The operation of two supply stores providing complete inventories of office supplies to meet the needs of the EOP clients is the responsibility of the

Property and Supply Management Branch. This branch also maintains an off-site warehouse and security screening facility known as the Remote Delivery Site (RDS). The Office of General Services coordinates equipment repair, property disposal and other miscellaneous services requested by our EOP client population. In addition, this Office also coordinates space usage within the EOP Complex and preservation of the historic and architectural integrity of the Old Executive Office Building (OEOB).

ACCOMPLISHMENTS

The most significant fiscal year (FY) 1993 accomplishment was the successful completion of the myriad tasks associated with a Presidential transition. The Presidential transition affected virtually every aspect of OA's services to the EOP.

OA staff performed all of their usual duties and functions at an accelerated pace to support the arrival of an entirely new Administration. OA's General Counsel, for example, worked with the new Administration in all of the EOP agencies to advise them on legal issues related to their personnel authorities, expenditure of appropriated funds, and the procurement of goods and services in conformance with government procedures. The Office of Information Management provided one-on-one computer and systems training for senior-level executives in the Administration; performed over 1,400 requests for PC installations or moves and processing over 1,700 PC maintenance requests; implemented numerous PC databases; and provided information security training for all new personnel. The Office of General Services briefed new staff regarding procurement support services. The supply staff spent many long hours responding to the requests for assistance in outfitting of the new Administration.

In the normal course of providing services and support to the President and the EOP agencies, OA had additional significant accomplishments during FY 1993. Fiscal year 1993 proved to be a pivotal time period for OA in the information management field. Throughout the fiscal year, the Office of Information Management improved services to the EOP community strengthening OA's information management infrastructure and providing information management application support. Computer networks with modem reconfigurations were installed; a wiring conduit system was implemented in the basement of the

OEOB; and a fiber optic ring was installed. For other EOP agencies, local area networks were installed in the White House Office of Communications, the Office of the Vice President, the Jackson Place townhouses, the Office of Science and Technology Policy, and the Office of National Drug Control Policy. Application support included development of specialized software for White House and OMB customers as well as for OA. During OMB's budget season, OA completed implementation of a data entry system and query tool for use in the MAX project.

The Library and Research Services Division began a pilot project to produce an online database of presidential materials. For the first time, presidential speeches and published documents are being preserved on an in-house, full-text database. An immediate posting of press releases was added to the OA's on-line communications system; and OA began providing CD-ROM access which is now receiving heavy patron use.

The Office of General Services met its goal of increasing productivity in the Publishing Branch by absorbing as much layout/design work for EOP publications as the staff could handle. These services provide several benefits: convenience, higher quality, faster turnaround, and significant cost savings. Examples of the layout/design work performed include the White House Children's Booklet and the National Security Council's Annual Report. The alternative is for the agencies to contract with commercial layout/design firms. Further productivity gains were made by establishing an electronic link between OA and the Government Printing Office and commercial printing firms for the electronic transfer of graphics designs. In the financial management area, all EOP agencies have been converted to the new financial management information system by the beginning of FY 1994. The conversion to the new system was accomplished without having to engage additional employees.

GOALS AND OBJECTIVES

OA will continue to build on its past achievements focusing on two main areas: improving our ability to service our customers in the EOP, and continuing to restructure our organization and processes to yield greater operational efficiency.

Customer service to the EOP primarily consists of providing technical services through the use of the latest tools available. Our libraries, for example, will install CD/ROM workstations in the three libraries for patrons to do their own searching in several databases, such as full-text newspapers and journal publications. OA also expects the workstations to be incorporated with our networking configurations which will allow patrons to perform basic searching, freeing the library staff to respond to more complex requests. Maintaining and improving services to the EOP community with OA's information management infrastructure and providing information management application support and network support are vital to OA's customer service goals. In addition, OA will continue to train the EOP staff on the financial management information system and its on-line query capabilities; work with the agencies to identify additional needs both current and future; and evaluate modifications to make the system user friendly for the agencies.

With the staffing level requested, OA will be able to keep all our divisions operating efficiently and productively. We will focus our human resources to areas of greatest need by ensuring that OA staff receive appropriate training and that more opportunities are made available for participation in professional conferences and meetings. A well-trained and revitalized staff can bring better service and innovative information management tools to the EOP community.

END OF YEAR SPENDING

As directed by the House of Representatives Treasury/Postal Appropriations Subcommittee, OA has insured that necessary procedures are in place to review end of year spending. In the past, OA has always undertaken a rigorous review of year end spending to insure that funds are obligated not only for necessary items but also for those items which OA proposed in our budget justification. This review typically begins in the third quarter of each fiscal year and is approved by all OA managers and the OA Director. The Financial Management Director is accountable for all expenditures and is charged with the end of year spending review.

SUMMARY OVERVIEW

Executive Office of the President
Office of Administration

The fiscal year (FY) 1995 request for OA is $28,448,000 and 192 full-time equivalent (FTE) positions. This request represents an increase of $3,598,000 or 14.5 percent over the FY 1994 appropriation of $24,850,000. At the beginning of FY 1994 OA's FTE staffing level was reduced from 232 to 189 in accordance with the President's White House reorganization plan. The FTE request for FY 1995 is 3 FTEs greater than authorized for FY 1994 in order to support the classification, sorting and disposition of electronic records associated with *Armstrong v. Executive Office of the President* and the implementation of the Records Management System (RMS). Due to the magnitude of the FY 1993 reduction and with this minor increase in FY 1995, OA's FTE authorization reflects the full amount outlined in the President's plan to reduce government-wide FTE levels.

We are requesting $26,913,000 (94 percent of the total request) to maintain a current services level (CSL). The CSL increases consist of 6 components: personnel compensation and benefits; funding for maintenance of the main switch for the new telephone system; recurring costs required to support the Records Management System funded under the FY 1994 supplemental; additional EOP customer support; an adjustment in rental payments to GSA; inflation and other increases to maintain a continuum in the other objects categories, including non-recurring costs and the administrative reduction based on the President's initiative on cost reduction.

In the area of personnel compensation, no funding was included in FY 1994 to support the locality based increases. Implemented in January 1994, locality based increases required OA to absorb $263,200 which was not included in FY 1994 budget estimates. The FY 1995 estimate for personnel compensation includes a 1.6 percent increase for the general pay increase, and estimates for within grade increases, promotions, overtime and employee benefits. According to guidance from OMB, no funding is requested in FY 1995 for locality based pay.

In June 1993, OA, on behalf of the Executive Office of the President (EOP), awarded contracts for the replacement and modernization of EOP's telecommunications system, including the White House. The new system provides service to approximately 5,000 telephone stations in the White House, the Old Executive Office Building, the New Executive Office Building, and other agencies in the EOP Complex. It will save the government at least two million dollars over the ten year life of the system. OA is centrally funding maintenance of the main switch for the new telephone system and has included $358,000 within the CSL for this purpose.

OA expects recurring costs required to support the RMS once the system is implemented in FY 1995. The requested $740,000 will fund recurring costs for total automation of electronic records incorporating significant management capabilities. Three additional FTEs, technical assistance, hardware/software, systems development and training will be required. These costs are a direct result of the *Armstrong* court case and related to the FY 1994 supplemental appropriation.

Due to the increased and expanding use of information systems technology and services within the workplace and, in part, due reduced staffing levels, the EOP workforce has become more dependent on OA's information management tools and services. In addition, as OA and the EOP agencies migrate from a centralized processing environment to a decentralized, distributed server-based computing environment, customer support and service has become an even more dominant theme within OA. In fact, the needs of the EOP agencies are increasing at a rate which is placing a strain on OA's resources. To accommodate the needs of the EOP user community, OA has included $360,000 within its CSL to maintain proper levels of support to the desktop environment and the diverse needs in the EOP.

The Office of Administration has participated in the Vice President's National Performance Review (NPR), and as we continue to "reinvent" more efficient ways to serve our EOP customers, we must give more attention to the powerful tools of information technology in breaking down organizational boundaries and speeding service delivery. Thus, the majority of the enhancements included in this request will enable OA to better integrate information technology into more effective ways of delivering services to the EOP client community.

The enhancement request of $1,535,000, the remaining 6% of the budget request, will enable OA to achieve a higher level of service to its EOP customers in the face of reduced staffing levels. This is in keeping with our primary objective of providing high quality, customer based administrative services to the EOP. Our enhancements in the information management area will expand and improve the EOP data network and other services available to our customers. Additional efforts will provide technical support to install the most current version of the EOP financial management system and will support increased information gathering and retrieval. An additional enhancement will provide high capacity personal computers (PCs) within OA to maximize networking capabilities and provide modern equipment to support our centralized publishing facility. A further enhancement will provide equipment and furnishings necessary to effectively utilize new space in the Southeast Federal Center to serve as OA's Remote Delivery Site.

Reprogramming of FY 1994 funds into Other Services will be required to cover increases in recurring maintenance contracts, such as GSA schedule rate increases. This is a attributed to shifting demands of our resources and ensuring that funds are obligated for necessary items.

SUMMARY OVERVIEW (FINANCIAL)
Executive Office of the President
Office of Administration

Fiscal Year 1994 Appropriation	$24,850,000
Current Services Level Increases/Decreases	
Personnel Compensation & Benefits	$368,000
GSA Rent Adjustment	($12,000)
Maintenance for the New Telephone System	$358,000
Armstrong/Records Management System (incl. 3 FTEs)	$740,000
EOP Customer Support	$360,000
Other Current Services Level Increases	$709,000
Non-Recurring Costs	($195,000)
Administrative Reduction	($265,000)
Fiscal Year 1995 Current Services Level	$26,913,000
Enhancements	
Information Management Services	$884,000
Distributed Electronic Mail	$200,000
Personal Computer Upgrade	$351,000
Outfit of the New Remote Delivery Site	$100,000
Fiscal Year 1995 Request Level	$28,448,000

Personnel Summary

FY 1994 Authorization - FTE	189
FY 1995 Request - FTE	192

APPROPRIATION LANGUAGE

Executive Office of the President
Office of Administration

Salaries and Expenses

For necessary expenses for the Office of Administration; [$24,850,000] ***$28,448,000***, including services as authorized by 5 U.S.C. 3109 and 3 U.S.C. 107, and hire of passenger motor vehicles. ***(Executive Office Appropriations Act, 1994.)***

PROGRAM AND PERFORMANCE

Executive Office of the President
Office of Administration

The Office of Administration's mission is to provide high-quality, cost-effective, administrative services to the Executive Office of the President. These services, defined by Executive Order 12028 of 1977, include financial, personnel, library and records services, information management systems support, and general office services.

The Office of Administration receives reimbursements for information management support and general office services.

Executive Office of the President
Office of Administration
Program and Financing Schedule
(In Thousands of Dollars)

Identification Code 11-0038-0-1-802	FY 1993 Actual	FY 1994 Estimated	FY 1995 Estimated
Program by Activities			
00.01 Office of the Director	381	337	672
00.02 Office of General Counsel	284	0	0
00.03 Personnel Management	2,096	0	0
00.04 Financial Management	1,229	0	0
00.05 Office of General Services	4,181	7,944	8,386
00.06 Facilities Management	3,664	0	0
00.07 Information Systems & Technology	10,475	0	0
00.08 Library & Research Services	2,048	0	0
00.09 Office of Information Management	0	13,217	15,654
00.10 Office of Resources Management	0	3,352	3,736
00.11 No-Year Supplemental	323	92	0
00.91 Total Direct Program	24,681	24,942	28,448
01.01 Reimbursable Program	8,112	4,071	4,177
10.00 Total Obligations	32,793	29,013	32,625
Financing			
21.40 Unobligated balance available, start of year	0	-92	0
24.40 Unobligated balance available, end of year	92	0	0
25.00 Unobligated balance expiring	80	0	0
39.00 Budget Authority (gross)	32,965	28,921	32,625

Executive Office of the President
Office of Administration
Program and Financing Schedule (Cont'd)
(In Thousands of Dollars)

Identification Code 11-0038-0-1-802	FY 1993 Actual	FY 1994 Estimated	FY 1995 Estimated
Budget Authority			
40.00 Appropriation	24,853	24,850	28,448
68.00 Spending Authority from offsetting collections	8,112	4,071	4,177
Relation of Obligations to Outlays			
71.00 Total Obligations	32,793	29,013	32,625
72.40 Obligated Balance, start of year	7,045	8,477	9,935
74.40 Obligated Balance, end of year	-8,477	-9,935	-11,017
77.00 Adjustments in Expired Accounts	-325	0	0
87.00 Outlays (gross)	31,036	27,555	31,543
Adjustments to Budget Authority and Outlays			
88.00 Federal Funds	-8,112	-4,071	-4,177
89.00 Budget Authority (net)	24,853	24,850	28,448
90.00 Outlays (net)	22,924	23,484	27,366

Executive Office of the President
Office of Administration
Personnel Summary

	FY 1993 Actual	FY 1994 Estimated	FY 1995 Estimated
General Schedule Positions (FTP)	177	168	171
Wage Grade Positions (FTP)	11	11	11
Ungraded Positions (FTP)	9	10	10
Total Employment, end of year (FTE)	234	189	192
Detail of Positions			
Direct			
Total Compensable Workyears:			
Full-time Equivalent Employment	222	189	192
Full-time Equivalent of Overtime and Holiday Hours	4	8	8
Average GS Grade	10.66	10.79	10.79
Average GS Salary	$42,804	$45,558	$46,287
Average Wage Grade	4.9	5	5
Average Wage Grade Salary	$23,643	$24,214	$24,601
Average Salary of Ungraded Positions	$79,736	$68,859	$69,961
Reimbursable			
Total Compensable Workyears:			
Full-time Equivalent Employment	12	0	0
Average GS Grade	14	0	0
Average GS Salary	$61,498	$0	$0

Executive Office of the President
Office of Administration
Object Classification
(In Thousands of Dollars)

	FY 1993 Actual	FY 1994 Estimated	FY 1995 Estimated
Personnel Compensation:			
Full-time Permanent	8,309	7,151	7,636
Other Than Full-time Permanent	373	315	325
Other Personnel Compensation	355	171	175
Total Personnel Compensation	9,037	7,637	8,136
Civilian Benefits	1,997	2,623	2,698
Benefits for Former Personnel	25	0	0
Travel & Transportation of Persons	13	42	41
Transportation of Things	32	31	31
Rental Payments to GSA	3,050	3,245	3,233
Communications, Utilities, & Misc. Charges	822	1,113	1,523
Printing & Reproduction	409	547	520
Other Services	6,462	6,464	7,781
Supplies and Materials	1,302	570	1,185
Equipment	1,532	2,670	3,300
Subtotal, Direct Obligations	24,681	24,942	28,448
Reimbursable Obligations	8,112	4,071	4,177
Total Obligations	32,793	29,013	32,625

DETAILED EXPLANATION OF CHANGES REQUESTED FOR FY 1995

Justification of Changes by Object Class (In Thousands of Dollars)

Increases for Current Services and Request Level

FY '94	FY '95		Net Change
		Personnel Compensation and Benefits	
$10,260	$10,834		$574

The personnel category provides funding for all salaries, overtime and benefits including the government's share of FERS, CSRS, Medicare, and the Thrift Savings Plan.

OA's request of $10,834 is the amount required to fund 192 FTEs, an increase of 3 FTEs. $368 of the increase is consistent with Administration policy, funding only a modest 1.6 percent pay increase in FY 1995. No funding is requested for locality pay in FY 1995.

$206 of the increase is required to fund 3 FTEs. These employees will support the classification, sorting and disposition of records on the RMS, including search capabilities. They will also coordinate the retrieval of information and records residing on the RMS. One GS-14 and two GS-13 computer specialists will be required.

FY '94	FY '95		Net Change
		Currently, OA has 2 FTEs dedicated to records management serving most of the EOP community. The 2 current FTEs are fully utilized in managing the existing volume of hard copy, paper records generated by the EOP.	
		Travel and Transportation of Persons	
$42	$41		($1)
		This category provides funds to support training activities and local transportation. Also, site visits are made to the Defense Logistics Agency (DLA), in Columbus, Ohio, which provides the personnel and payroll system services to OA for the entire EOP. The $1 decrease reflects the impact of the President's initiative on administrative cost reduction.	
		Transportation of Things	
$31	$31		$0
		The requested amount will cover the cost and use of commercial courier services (e.g., Federal Express and United Parcel Service); and funding OA's vehicle leases for trucks that transport mail and freight from the Remote Delivery Site (RDS) to the EOP Complex.	
		No increase in this category is requested.	

FY '94	FY '95		Net Change
		Rental Payments to GSA (RENT)	
$3,245	$3,233		($12)

This category pays the General Services Administration (GSA) for OA's use of space in the New Executive Office Building, the Old Executive Office Building, and the RDS located in the Washington Navy Yard.

OA is requesting a $12 decrease. This amount reflects the net effect of reducing OA's office space and rates established by GSA.

		Rent, Communications and Utilities (RCU)	
$1,113	$1,523		$410

This category includes funds for the use of commercial, local and long distance telephone service, and GSA's FTS service. OA's request will also provide for software leases, and after-hours utilities fees and postage.

The $410 increase includes $358 for maintenance of the main switch for the new telephone system, which OA is centrally funding; and a CSL increase of $78. This request also incorporates a $26 decrease which reflects the impact of the President's initiatives on administrative cost reduction.

FY '94	FY '95		Net Change
		Printing and Reproduction	
$547	$520		($27)
		In this category, $500 is to reimburse the Defense Printing Service for the EOP's use of its two on-site facilities. The remainder funds printing requirements filled by the Government Printing Office and to a lesser extent, commercial printers.	
		$16 of this reduction represents OA's efforts to contain printing and reproduction costs. The remaining $11 reduction reflects the impact of the President's initiative on administrative cost reduction.	
		Other Services	
$6,372	$7,781		$1,409
		Two-thirds of this request (approximately $4,000) funds a commercial facility contract for the 24 hour a day operation of the Executive Office of the President Data Center (EOPDC). Also included are funds for mini-, mainframe, and personal computer maintenance contracts; and DLA's personnel/payroll system; payments to Treasury for on-line data processing; as well as employee training activities.	
		This request incorporates a $179 decrease reflecting the impact of the President's initiatives on administrative cost reduction; a $25 decrease in nonrecurring	

FY '94 FY '95 Net Change

enhancements from FY 1994; and a $499 CSL increase which supports continuation of the facility and other contracts and industry driven inflation as well as additional support for the OA's financial management information system.

$434 is requested to support the RMS in the areas of programming and operation support in the EOPDC which operates 3 shifts a day, 7 days a week. These funds will also finance the annual maintenance and licensing fees associated with the hardware and software purchased for the RMS with supplemental funds; systems development, infrastructure and platform modifications as a natural outgrowth of initiating and implementing a new automated system; and staff training classes for both OA and EOP regarding the proper classification and disposition of electronic Presidential and Federal records on the RMS.

An additional $360 is requested for OA to maintain proper levels of support to the desktop environment currently experiencing growth from the end-user and departmental server technologies, and diverse needs in the EOP. As OA and the EOP migrate from a centralized processing environment to a distributed, server-based computing environment, customer support and service has become a dominant theme within OA. Furthermore, this type of support is

FY '94	FY '95		Net Change
		consistent with the needs of the EOP agencies and with the recommendations of the National Performance Review. As part of our enhancements request, $320 will fund two important objectives: information management services and distributed electronic mail. (See Detailed Explanation of Enhancements for further justification)	
$570	$1,185	Supplies and Materials This category provides funding to purchase general office supplies, $280; library supplies (e.g., subscriptions, government publications, and CD/ROM discs), $390; and ADP supplies (e.g., computer diskettes, network cabling, memory chips), $554. In addition, $39 was reduced from our request in compliance with the President's directive on reducing administrative costs. Within OA's CSL, $506 was redirected into supplies, thus the increase represents the anticipated actual costs in supplies for OA's emphasis on distributed, server-based information management processing with local area networks including upgrades of software and associated licenses, cabling and necessary replacement parts. Industry driven inflators for purchase of routine office supplies are also reflected in the increase.	$615

FY '94	FY '95		Net Change
		Equipment	
$2,670	$3,300		$630
		This category provides funding primarily to sustain information management processing hardware and software technologies which include mini-, mainframe, personal computer and related peripheral equipment (e.g., printers and communications devices). OA's equipment CSL was decreased $685 for nonrecurring equipment enhancements ($170); redirecting resources to other object classes ($506); and compliance with the President's directive on reducing administrative costs ($9). An additional $100 is requested in recurring hardware and software purchases for the RMS. We are also requesting $1,215 in enhancements. These enhancements consist of information management services, personal computer upgrades, and outfitting the new remote delivery site. (See Detailed Explanation of Enhancements for further justification)	
$24,850	$28,448	TOTAL FOR ALL OBJECT CLASSES	$3,598

DETAILED EXPLANATION OF ENHANCEMENTS REQUESTED FOR FY 1995

INFORMATION MANAGEMENT SERVICES - $884,000

The primary information management device within the EOP is the desktop personal computer (PC). This is a shift away from an environment that simply used PCs as terminals which were connected to mainframe applications over various physical connections. The movement away from centralized automated data processing services to decentralized information management support is driven by the concept of the network as the system. The distributive processing concept allows a work group, such as an OA division or a project task, to have the bulk of its information management needs met at the local area network level rather than at a single centralized site. As needed, the local area network, or LAN, communicates with other information management resources available to it, such as people, hardware or software. Our Information Management Services initiatives will greatly enhance the networking capacity of the EOP by increasing the capacity and speed of the main data highway and strengthening the telecommunication capacity to allow increased access to other services outside the EOP.

OA's Information Management Services request consists of 3 components: data network enhancement, information retrieval systems, and software installation support for Federal FAMIS, Version 4.0.

Data Network Enhancement: This initiative will put into place high speed network components that will increase the data capacity of the EOP's main data highway tenfold. This increased capacity will be extended to the East and West Wings, the Old and New Executive Office Buildings and will allow for further expansion when needed. Equipment required to implement this initiative, such as fiber optic routers, are engineered to deliver increased data speeds.

Benefits inherent in this initiative include faster response from network applications and services as well as an overall improvement in system performance which will result in improvements in efficiency and productivity from smaller staffs. This initiative is necessary to prevent degradation of the

system to an unsatisfactory level resulting in our customers' inability to accomplish their missions which are dependent on highly responsive information technology.

A second facet of this initiative will enhance the communications linkage between the various systems within the EOP network. The acquisition and installation of this specialized hard- and software, a linkage known as a protocol, will provide seamless access to the various other assets, such as facsimile, graphic and multi-media services, on the EOP network. This linkage will permit access and communications between the various systems and services currently in place as well as those under development. Our goal is to develop an integrated, high speed network of computers within the EOP that share resources, reduce redundancy, and support the evolution toward an open system structure that is well accepted by the industry.

The third component of the enhanced data network initiative involves installation of network fax servers. The EOP standard for the desktop PC is the Windows operating system, but in the absence of a Windows compatible fax system, the true level of integration that can be achieved with Windows is greatly diminished. This initiative will enable the user to fax directly from a Windows application, such as a spreadsheet, rather than accessing the centralized system. A consistent level of integration at the desktop as well as improved fax quality will result in higher productivity to the user community. This service provides a greater degree of responsiveness than is currently available and, if made available, would be beneficial in providing open communications with the public which is a high priority of the current administration.

Information Retrieval Systems: As the EOP staff requires the most current research only reported in journals, OA's libraries need to support these research efforts with subscriptions to additional titles. We have endeavored in the past to offset new subscriptions with cancellations of titles that are less in demand but have reached the point where this process is no longer feasible. We have found that the most efficient way to keep back copies of our journals is to subscribe to the microform copy of the journal. This allows us to keep the current journals in a finite space and keep back copies in a space-efficient and archival form. This request will enable the EOP libraries to purchase subscriptions to journals and reference serials and to purchase retrospective microform holdings.

In addition, we expect an increased demand for journals indexed on compact disk-read only memory (CD-ROM) as OA plans to offer more opportunities for the EOP patron searching on this medium. Enhancing our CD-ROM efforts will begin in FY 1994 enabling the OA's libraries to offer a greater variety of products available on library workstations and would include image, in addition to text-based, databases. By offering a range of these products, EOP staff will be afforded direct access to the information that they desire, while freeing the reduced number of information professionals/reference librarians to handle the more complex requests.

Software Installation Support for Federal FAMIS, Version 4.0: In April 1992, the OA began a $600,000 investment for the purchase and installation of a new financial management information system to support the entire EOP community. Since October 1, 1993 all EOP financial transactions have been maintained on the new system. To protect this critical investment, appropriate funding is required to ensure that the Federal FAMIS system is maintained as a modern and up-to-date financial management tool for all users. Although the annual software maintenance agreement provides for new releases of the software, their installation costs are not included. The software vendor is planning a major new release (Version 4.0) of Federal FAMIS which is scheduled to be available by January 1995. The vendor is planning to incorporate many new features in the new version which should greatly benefit the EOP. Installation of a new release includes loading the new software on the EOPDC mainframe, applying EOP site modifications to the new release, testing the new software, and providing updated documentation and appropriate training. Having the most recent version of the software available will assure that the EOP is kept up-to-date and that our considerable investment is protected. As we are better able to maintain and support the systems that provide comprehensive financial management services to our client EOP agencies, we are better equipped to service our clients in a professional and responsible manner.

DISTRIBUTED ELECTRONIC MAIL - $200,000

The current electronic mail (e-mail) system operates on a mini-computer cluster located in the EOPDC which supports an integrated office system for the EOP user population. The funds requested will phase in a distributed electronic mail

system which will operate on the LANs and the high speed data network. Among the advantages offered by a distributed system are the following: A greater degree of user friendliness can be obtained through a distributed system. Since EOP users are becoming increasingly familiar with common personal computer products, PC based electronic mail systems will offer greater flexibility, better integration and faster introduction of new products than the current system. A distributed e-mail system will incorporate new features at faster intervals with better integration and at less cost. The current system is 9 years old and extremely difficult and expensive to upgrade. A distributed e-mail system follows the information management technology described above by using networks and a Windows based environment. In addition, this initiative will provide greater speed and responsiveness to users than the current system.

PERSONAL COMPUTER UPGRADE - $351,000

Funds are requested to replace PCs for 155 workstations in OA. Currently, PC equipment within OA has an average age of 4-5 years. Many vendors are no longer producing software that runs efficiently on this equipment. In order to take advantage of advances in software which permit multi-tasking and a Windows based environment, more powerful workstations are needed. In essence, the technical advancement of software is driving OA's need to upgrade our computers. Acquisition of these upgrades also coincides with the implementation of the EOP network initiative. To take full advantage of the network's capabilities, the more powerful systems available in the workstation domain will be required. The upgraded workstations will allow OA personnel to perform their jobs with increased speed, thus improving overall productivity. Tasks would be performed in a fraction of the time as well as allow for processing more than one task at a time, thereby contributing to greater efficiency and effectiveness which can reduce the impact of personnel staffing levels which were reduced by 19 percent at the beginning of FY 1994.

With lower staffing levels throughout OA, it is necessary to equip the staff with the tools to maximize their efficiency. The Publishing Branch, for example, has recently added two new areas of emphasis. The first of these involves production of charts and graphs used directly in high-level presentations. The use of illustrative charts and graphs has created increased demands on the Publishing

Branch. The second area is the acceptance of value-added work to generate direct savings for the EOP clients and taxpayers. OA can perform the design/composition/layout work for EOP publications, work which would otherwise be contracted out to commercial firms at significantly higher cost. In order to accommodate this increased workload at reduced staffing levels we need to upgrade our personal computer graphics equipment.

OUTFIT OF THE NEW REMOTE DELIVERY SITE - $100,000

OA, in cooperation with the U.S. Secret Service, operates a remote delivery site (RDS) to screen all incoming mail and materials prior to delivery to the White House complex. The warehouse is necessary for OA to accomplish its mission of providing office supply stores for EOP agencies and the disposal of surplus property (equipment and furniture) in accordance with Federal regulations. In late FY 1995, a new facility will become operational in the Southeast Federal Center and OA is responsible for obtaining the equipment and features (storage racks, forklifts, inventory equipment, etc.,) which are not built-in to the new facility. The requested funding level is the minimum amount required to adequately equip the new facility. With this request, the remote delivery site staff will be able to utilize the new warehouse facility in the most efficient manner.

EXECUTIVE OFFICE OF THE PRESIDENT

SPECIAL ASSISTANCE TO THE PRESIDENT

FISCAL YEAR 1995 BUDGET

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Executive Office of the President
Special Assistance to the President

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MISSION STATEMENT

Executive Office of the President
Special Assistance to the President

The Special Assistance to the President account was established on September 26, 1970 to enable the Vice President to provide continuing assistance to the President. This assistance includes specially assigned functions by the President.

Among the Vice President's executive functions are the following:

A. Member of the President's Cabinet, acting as chairman when the President is absent;

B. Member of the National Security Council;

C. Ex-Officio member of all Cabinet Councils; and

D. Member of the Board of Regents of the Smithsonian Institution.

The objective of the Office of the Vice President is to efficiently and effectively advise, assist, and support the Vice President in the areas of domestic policy, national security affairs, counsel, administration, press, scheduling, and advance. Assistance is also provided for the spouse of the Vice President.

END OF YEAR SPENDING

As directed by the House of Representatives Subcommittee on the Treasury, Postal Service, and General Government Appropriations, the Office of the Vice President, in cooperation with the Office of Administration, will insure that necessary procedures are in place to review end of year spending. The Office of the Vice President performs a review of year-end spending to insure that funds are obligated only for necessary items. This review typically begins in the third quarter of each fiscal year and is approved by the Director of Administration, Office of the Vice President. The Director of Administration for the Vice President is directly accountable for all expenditures and is charged with the review of year end spending.

SUMMARY OVERVIEW

Executive Office of the President
Special Assistance to the President

The fiscal year (FY) 1995 budget request for the Office of the Vice President (OVP) is $3,314,000 and 21 full-time equivalent (FTE) positions. This represents a $44,000 or 1.3 percent increase over the FY 1994 appropriation of $3,270,000, and no change in FTE positions.

The requested increase of $44,000 represents increases to the current services level of $163,000 netted against the non-recurrence of $100,000 enhancement funding in FY 1994 and $19,000 in administrative reductions.

A standard inflator was applied to all program areas per OMB guidance. The requested $13,000 increase in GSA rent accommodates the current GSA rate schedule. This request also includes an increase in travel of $96,000. This would bring the travel funding to a level equivalent to the FY 1993 authorized level of $360,000 plus an inflator. In addition, this budget reflects compliance with the President's initiatives on reductions in administrative expenses.

SUMMARY OVERVIEW (FINANCIAL)
Executive Office of the President
Special Assistance to the President

Fiscal Year 1994 Appropriation	$3,270,000
Fiscal Year 1995 Increases/Decreases	
Personnel Compensation and Benefits	$35,000
GSA Rent Adjustment	$13,000
Travel Increase	$96,000
Other Current Services Level Increases	$19,000
Non-Recurring Costs	($100,000)
Administrative Reduction	($19,000)
Fiscal Year 1995 Request	$3,314,000

Personnel Summary

FY 1994 Authorization - FTE	21
FY 1995 Request - FTE	21

APPROPRIATION LANGUAGE

Executive Office of the President
Special Assistance to the President

Salaries and Expenses

For necessary expenses to enable the Vice President to provide assistance to the President in connection with specially assigned functions, services as authorized by 5 U.S.C. 3109 and 3 U.S.C. 106, including subsistence expenses as authorized by 3 U.S.C. 106, which shall be expended and accounted for as provided in that section; and hire of passenger motor vehicles; [$3,270,000] *$3,314,000. (Executive Office Appropriations Act, 1994.)*

PROGRAM AND PERFORMANCE

Executive Office of the President
Special Assistance to the President

These funds are to be used by the Vice President to carry out responsibilities assigned him by the President and by various statutes.

Executive Office of the President
Special Assistance to the President
Program and Financing Schedule
(In Thousands of Dollars)

Identification Code 11-1454-0-1-802	FY 1993 Actual	FY 1994 Estimated	FY 1995 Estimated
Program by Activities			
00.01 Direct Program	3,214	3,270	3.314
01.01 Reimbursable Program	16	0	0
10.00 Total Obligations	3,230	3,270	3,314
Financing			
25.00 Unobligated Balance Expiring	43	0	0
39.00 Budget Authority (gross)	3,273	3,270	3,314
Budget Authority			
40.00 Appropriation	3,257	3,270	3,314
68.00 Spending Authority from offsetting collections	16	0	0
Relation of Obligations to Outlays			
71.00 Total Obligations	3,230	3,270	3,314
72.40 Obligated Balance, start of year	457	584	768
74.40 Obligated Balance, end of year	-584	-768	-859
77.00 Adjustments in Expired Accounts	-125	0	0
87.00 Outlays (gross)	2,978	3,086	3,223
Adjustments to Budget Authority and Outlays			
88.00 Federal Funds	-16	0	0
89.00 Budget Authority (net)	3,257	3,270	3,314
90.00 Outlays (net)	2,962	3,086	3,223

Executive Office of the President
Special Assistance to the President
Personnel Summary

	FY 1993 Actual	FY 1994 Estimated	FY 1995 Estimated
Ungraded Positions (FTP)	20	21	21
Total Employment, end of year (FTE)	20	21	21
Detail of Positions			
Total Compensable Workyears:			
Full-time Equivalent Employment	20	21	21
Average Salary of Ungraded Positions	$71,028	$68,350	$69,444

Executive Office of the President
Special Assistance to the President
Object Classification
(In Thousands of Dollars)

	FY 1993 Actual	FY 1994 Estimated	FY 1995 Estimated
Personnel Compensation:			
Full-time Permanent	1,291	1,407	1,435
Other Than Full-time Permanent	71	0	0
Total Personnel Compensation	1,362	1,407	1,435
Civilian Benefits	335	355	362
Travel & Transportation of Persons	349	275	371
Transportation of Things	.1	2	2
Rental Payments to GSA	630	706	719
Communications, Utilities, & Misc. Charges	226	170	169
Printing & Reproduction	16	12	12
Other Services	82	90	89
Supplies and Materials	53	68	68
Equipment	160	185	87
Subtotal, Direct Obligations	3,214	3,270	3,314
Reimbursable Obligations	16	0	0
Total Obligations	3,230	3,270	3,314

DETAILED EXPLANATION OF CHANGES REQUESTED FOR FY 1995

Justification of Changes by Object Class (In Thousands of Dollars)

Increases for Current Services and Request Level

FY '94	FY '95		Net Change
		Personnel Compensation and Benefits	
$1,762	$1,797		$35
		The personnel object class includes all salaries; benefits, including the government's share of FERS, Medicare, and the Thrift Savings Plan; and overtime.	
		The increase provides for a government-wide pay increase of 1.6 percent effective January 1, 1995 in accordance with Office of Management and Budget (OMB) guidance.	
		Travel and Transportation of Persons	
$275	$371		$96
		This object class provides funding for accommodations and other travel related costs for the Vice President and his staff. An increase to this object class is requested to bring travel resources up to the FY 1993 funding level of $360. This level was then	

FY '94	FY '95		Net Change
		adjusted for anticipated increases, and offset by an administrative reduction of $8,000, in keeping with the President's initiatives for reducing administrative costs.	
		Transportation of Things	
$2	$2		$0
		This level of funding will be adequate to provide commercial courier and transportation services for the Office of the Vice President.	
		Rental Payments to GSA (RENT)	
$706	$719		$13
		An increase of $13 is requested to fund space for the Office of the Vice President at rates established by GSA.	
		Rent, Communications and Utilities (RCU)	
$170	$169		($1)
		Funding for this line item provides the Office of the Vice President with commercial telephone service, capitalized leases for reproduction equipment, and rental of automated data processing equipment. This request reflects a decrease of $1 from the FY 1994 authorized level.	

FY '94	FY '95		Net Change
		Printing and Reproduction	
$12	$12		$0
		These funds provide for the government and commercial printing requirements of the Vice President and his staff. No increase in funding is requested.	
		Other Services	
$90	$89		($1)
		The requested funding level will enable the Office of the Vice President to adequately maintain a sufficient level of computer services and maintenance contracts. The reduction in the FY 1995 request reflects the President's initiatives for reducing administrative costs.	
		Supplies and Materials	
$68	$68		$0
		The requested amount will meet the needs for information management related supplies and materials in addition to providing for traditional office supplies. No increase is requested.	

FY '94	FY '95		Net Change
		Equipment	
$185	$87		($98)
		This object class provides funding for the purchase of information management equipment, software, and specialized equipment.	
		The decrease in this object class reflects the net effect of non-recurring $100 in enhancement funding and an inflationary increase of $2.	
$3,270	$3,314	TOTAL FOR ALL OBJECT CLASSES	$44

EXECUTIVE OFFICE OF THE PRESIDENT

OFFICIAL RESIDENCE OF THE VICE PRESIDENT

FISCAL YEAR 1995 BUDGET

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Official Residence of the Vice President

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MISSION STATEMENT

Executive Office of the President
Official Residence of the Vice President

The Official Residence of the Vice President account was established by Public Law 93-346, as amended by Public Law 93-552, on July 12, 1974. The Residence is located on the grounds of the Naval Observatory in the District of Columbia and serves as a facility for official and ceremonial functions and as a home for the Vice President and the Second Family.

Funds appropriated to this account are to provide for the care and operation of the Residence and to provide such appropriate equipment, furnishings, dining facilities, and services as may be required to enable the Vice President to perform and discharge the duties, functions, and obligations associated with this office.

END OF YEAR SPENDING

As directed by the House of Representatives Subcommittee on the Treasury, Postal Service, and General Government Appropriations, the Official Residence of the Vice President, in cooperation with the Office of Administration, will insure that necessary procedures are in place to review end of year spending. The Residence conducts reviews of year-end spending to insure that funds are obligated only for necessary items. This review typically begins in the third quarter of each fiscal year and is approved by the Special Assistant to the Vice President and Chief of Staff to Mrs. Gore in conjunction with the Residence Manager. The Special Assistant to the Vice President is also directly accountable for all expenditures and is charged with the review of year-end spending.

SUMMARY OVERVIEW

Executive Office of the President
Official Residence of the Vice President

The fiscal year (FY) 1995 budget request for the Official Residence of the Vice President is $327,000 and one full-time equivalent (FTE) position. This is an increase of $3,000 or .9% over the FY 1994 budget request.

The $327,000 request will ensure a basic level of support in terms of providing for communications and utilities expenses, vehicular lease, official representation costs, the purchase of household supplies, and various other services. The modest $3,000 increase will fund the Residence sufficiently in order to provide support to the Vice President and Second Family. Increases are requested only in Personnel Compensation and Benefits, $3,000 and in Equipment, $5,000 and are partially offset by a reduction in Travel ($5,000). In accordance with the President's initiatives for reducing administrative costs in the federal government, no other increases have been requested.

For FY 1995, one permanent FTE position is requested. This is the same staffing level requested for FY 1994. The increase in personnel compensation is in accordance with guidance provided by the Office of Management and Budget.

Funds were reprogrammed into personnel compensation in FY 1994 to provide sufficient funding to cover the Residence Manager.

SUMMARY OVERVIEW (FINANCIAL)

Executive Office of the President
Official Residence of the Vice President

Fiscal Year 1994 Appropriation	**$324,000**
Fiscal Year 1995 Increases/Decreases	
Personnel Compensation & Benefits	**$3,000**
Equipment Increase	**$5,000**
Administrative Reduction	**($5,000)**
Fiscal Year 1995 Request Level	**$327,000**

Personnel Summary

FY 1994 Authorization - FTE	**1**
FY 1995 Request - FTE	**1**

APPROPRIATION LANGUAGE

Executive Office of the President
Official Residence of the Vice President

Salaries and Expenses

For the care, operation, refurnishing, improvement, heating and lighting, including electric power and fixtures, of the official residence of the Vice President, the hire of passenger motor vehicles, and not to exceed $90,000 for official entertainment expenses of the Vice President, to be accounted for solely on his certificate; [$324,000] *$327,000*: *Provided,* That advances or repayments or transfers from this appropriation may be made to any department or agency for expenses of carrying out such activities. *(Executive Office Appropriations Act, 1994.)*

PROGRAM AND PERFORMANCE

Executive Office of the President
Official Residence of the Vice President

These funds provide the President with staff assistance and provide administrative services for the direct support of the President.

Executive Office of the President
Official Residence of the Vice President
Program and Financing Schedule
(In Thousands of Dollars)

Identification Code 11-0211-0-1-802	FY 1993 Actual	FY 1994 Estimated	FY 1995 Estimated
Program by Activities			
00.01 Operating Expenses	307	324	327
00.02 Renovation Expenses	31	2	0
01.01 Reimbursable Program	1	0	0
10.00 Total Obligations	339	326	327
Financing			
21.40 Unobligated Balance Available, start of year	-33	-2	0
24.40 Unobligated Balance Available, end of year	2	0	0
25.00 Unobligated Balance Expiring	17	0	0
39.00 Budget Authority (gross)	325	324	327
Budget Authority			
40.00 Appropriation	324	324	327
68.00 Spending Authority from offsetting collections	1	0	0

Executive Office of the President
Official Residence of the Vice President
Program and Financing Schedule (Cont'd)
(In Thousands of Dollars)

Identification Code 11-0211-0-1-802	FY 1993 Actual	FY 1994 Estimated	FY 1995 Estimated
Relation of Obligations to Outlays			
71.00 Total Obligations	339	326	327
72.40 Obligated Balance, start of year	323	208	213
74.40 Obligated Balance, end of year	-208	-213	-211
77.00 Adjustments in Expired Accounts	-38	0	0
87.00 Outlays (gross)	416	321	329
Adjustments to Budget Authority and Outlays			
88.00 Federal Funds	-1	0	0
89.00 Budget Authority (net)	324	324	327
90.00 Outlays (net)	415	321	329

Executive Office of the President
Official Residence of the Vice President
Personnel Summary

	FY 1993 Actual	FY 1994 Estimated	FY 1995 Estimated
General Schedule Positions (FTP)	1	1	1
Total Employment, end of year (FTE)	1	1	1
Detail of Positions			
Total Compensable Workyears:			
Full-time Equivalent Employment	1	1	1
Average GS Grade	13	14	14
Average GS Salary	$49,564	$61,000	$63,000

Executive Office of the President
Official Residence of the Vice President
Object Classification
(In Thousands of Dollars)

	FY 1993 Actual	FY 1994 Estimated	FY 1995 Estimated
Personnel Compensation:			
Full-time Permanent	35	0	0
Special personal services payments	37	61	63
Total Personnel Compensation	72	61	63
Civilian Benefits	5	16	17
Travel & Transportation of Persons	2	8	3
Transportation of Things	1	1	1
Rental Payments to GSA	0	0	0
Communications, Utilities, & Misc. Charges	72	60	60
Printing & Reproduction	0	10	10
Other Services	12	20	20
Supplies and Materials	12	40	38
Equipment	42	20	25
Unvouchered	120	90	90
Subtotal, Direct Obligations	338	326	327
Reimbursable Obligations	1	0	0
Total Obligations	339	326	327

DETAILED EXPLANATION OF CHANGES REQUESTED FOR FY 1995

Justification of Changes by Object Class (In Thousands of Dollars)

Increases for Current Services and Request Level

FY '94	FY '95		Net Change
		Personnel Compensation and Benefits	
$77	$80		$3

This line item provides for compensation and benefits for one full-time equivalent employee at the Official Residence of the Vice President. This individual has primary responsibility for oversight of the Residence and liaison with the Vice President's family. The personnel and benefits category has been increased for anticipated within grade increases and a 1.6 percent pay increase effective January 1995.

		Travel and Transportation of Persons	
$8	$3		($5)

The cost of local transportation and travel of Residence staff is funded by this line item. In keeping with the President's initiative to reduce administrative overhead, have reduced our request by $5.

FY '94	FY '95		Net Change
		Transportation of Things	
$1	$1		$0
		Funding for this line item provides for the cost of shipping, handling, and moving Residence furnishings, equipment, and art work.	
		No increase is requested.	
		Rent, Communications and Utilities (RCU)	
$60	$60		$0
		The Residence uses funds allocated to this line item to meet the cost of utilities (i.e., electricity, fuel oil, telephone and data lines). Household utility expenses are reimbursed to the United States Navy through an interagency agreement executed each fiscal year.	
		No increase is requested	
		Printing and Reproduction	
$10	$10		$0
		Funding for this line item covers commercial, contractual printing and reproduction requirements of the Official Residence of the Vice President.	
		No increase is requested.	

FY '94	FY '95		Net Change
		Other Services	
$20	$20		$0
		Funding in this line item provides for the routine maintenance of the interior of the Residence, its furniture, and furnishings.	
		No increase is requested.	
		Representation	
$90	$90		$0
		The Vice President is often called upon to host official gatherings at the Residence at the request of the President or in support of the President. These are in addition to the official entertainment called for by his own high office. The line item for official representation expenses provides for catering and equipment rental, and foodstuffs and beverages consumed at such events. Expenditures for representation are unvouchered.	
		No increase is requested.	
		Supplies and Materials	
$40	$38		($2)
		Expenditures classified under this line item include the purchase of office and general household supplies required to support the operation of the Residence. This line item	

FY '94	FY '95		Net Change
		also includes funds for general office and computer supplies. The decrease reflects the President's initiatives for reducing administrative costs.	
		Equipment	
$20	$25		$5
		The purchase and replacement of Residence furniture and furnishings are funded by this line item. The increase will be used to upgrade the computer resources currently used by the Residence staff.	
$324	$327	TOTAL FOR ALL OBJECT CLASSES	$3

EXECUTIVE OFFICE OF THE PRESIDENT

UNANTICIPATED NEEDS

FISCAL YEAR 1995 BUDGET

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Unanticipated Needs

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MISSION STATEMENT

Executive Office of the President
Unanticipated Needs

In 1940, Congress recognized the need for the President of the United States to have limited funds available to meet exigencies. Expenditures from this account may be authorized only by the President.

END OF YEAR SPENDING

The responsibility for determining allocations from this account resides with the Office of Management and Budget. Allocations from this account generally occur as appropriation transfers. The responsibility for reviewing any related end of year spending resulting from these allocations is that of the receiving agency.

SUMMARY OVERVIEW

Executive Office of the President
Unanticipated Needs

The President requests $1,000,000 for the Unanticipated Needs Account for fiscal year (FY) 1995. This is the same amount as was requested in FY 1994. These funds continue to be used only when the President determines that an unforeseen national priority requires funding.

In FY 1993, no allocations were made from the Unanticipated Needs Account.

APPROPRIATION LANGUAGE

Executive Office of the President
Unanticipated Needs

Unanticipated Needs

For expenses necessary to enable the President to meet unanticipated needs, in furtherance of the national interest, security, or defense which may arise at home or abroad during the current fiscal year; $1,000,000. ***(Executive Office Appropriations Act, 1994.)***

PROGRAM AND PERFORMANCE

Executive Office of the President
Unanticipated Needs

These funds enable the President to meet unanticipated needs in the furtherance of the national interest, security, or defense.

Executive Office of the President
Unanticipated Needs
Program and Financing Schedule
(In Thousands of Dollars)

Identification Code 11-0037-0-1-802	FY 1993 Actual	FY 1994 Estimated	FY 1995 Estimated
Program by Activities			
00.01 Reserved for Future Allocation	0	1,000	1,000
10.00 Total Obligations	0	1,000	1,000
Financing and Budget Authority			
25.00 Unobligated Balance Expiring	1,000	0	0
40.00 Budget Authority (appropriation)	1,000	1,000	1,000
Relation of Obligations to Outlays			
71.00 Total Obligations	0	1,000	1,000
72.40 Obligated Balance, start of year	18	0	0
74.40 Obligated Balance, end of year	0	0	0
77.00 Adjustments in Expired Accounts	-18	0	0
90.00 Outlays (net)	0	1,000	1,000

EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF POLICY DEVELOPMENT

FISCAL YEAR 1995 BUDGET

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GENERAL STATEMENT

Executive Office of the President
Office of Policy Development

The Office of Policy Development (OPD) is composed of three permanent policy groups: the National Economic Council (NEC), the Domestic Policy Council (DPC), and the Office on Environmental Policy (OEP). All three groups are responsible for advising and assisting the President in the formulation, coordination, and implementation of economic, environmental, and domestic policy. The Office of Policy Development also provides support for other policy development and implementation initiatives as directed by the President.

AGENCY ORGANIZATION

Executive Office of the President
Office of Policy Development

Three permanent policy groups are responsible for ensuring consistence of approach by all stakeholders in the development and implementation of policy. While each group is distinct in its organization and operating methodology, each serves as a forum in which policy advice to the President can be considered and coordinated. This ensures that the issues particular to each group are included in policy deliberations being led elsewhere in the Executive Office of the President or in executive branch departments or agencies. Where issues overlap between policy groups (e.g. Floodplain Management), the small size of the staff and the collegial environment encourage policy experts to pool their resources in order to effectively meet the needs of the issue.

The National Economic Council. The National Economic Council (NEC) provides a forum in which economic advice to the President and preparation of Administration positions on policies affecting the economy can be considered and coordinated. It also ensures that economic issues and concerns are included in policy deliberations being led elsewhere in the Executive Office of the President or in executive branch departments or agencies. The NEC is organized into five clusters in order to give broad coverage to matters of economic concern.

The Domestic Policy Council. The Domestic Policy Council (DPC) is responsible for coordinating, developing, and implementing the President's domestic policy agenda. It is organized into subject-based work groups and staffed by senior analysts and experts with a broad range of expertise and experience.

The Office on Environmental Policy. The Office on Environmental Policy (OEP) functions as a forum for the evaluation and consideration of environmental issues both in and of themselves and within the context of other policy deliberations. Like the NEC, OEP is organized into groups that address specific areas of the environmental agenda. These groups interact with other Executive Office of the President agencies and executive branch departments and agencies in order to ensure that policy deliberations include and address environmental issues.

ACCOMPLISHMENTS

North American Free Trade Agreement - participating in domestic and international preparation for the NAFTA, as well as participating in the interdepartmental working group to secure Congressional approval of the agreement;

Defense Reinvestment and Conversion - developing options and proposals for technology reinvestment and procurement reform;

International Economic Issues - because of the importance of evaluating economic strategies in light of national security and foreign affairs, the NEC closely coordinates many economic issues with the National Security Council, during the past year, these have included:

Japan Economic Framework - participating in negotiations and follow up implementation plans, and

Annual G-7 Summit - managing the coordination and pre-summit management functions including negotiating agreements and positions;

Health Care - the President's Senior Advisor for Policy Development, part of the DPC, is the principal manager for development of the President's health care reform initiative, while NEC works on the evaluation of the economic impact on markets and industry.;

Welfare Reform - DPC has lead responsibility for the development, coordination and implementation of a welfare program that focuses on putting people back to work, while NEC is responsible for the evaluating and determining the economic impact of the President's plans;

Crime - development of a comprehensive crime bill that addresses personal safety, incarceration for repeat offenders, and gun control;

Midwest Flood Recovery - DPC is working to establish a federal-state-local partnership to develop a program for land recovery, levee reconstruction,

relocating families and business where appropriate. OEP is an active participant in the initiative to develop new methods of flood control and flood plain management in the Upper Mississippi Watershed that will reduce risk to individuals and natural resources.

Climate Change Action Plan - a comprehensive plan to reduce greenhouse gas emissions and stimulate private investment in energy-efficient technologies;

Forest Management Plan - a coordinated effort among executive branch agencies to develop and implement plans that meet the environmental and economic needs of the Pacific Northwest; and

Environmental Technologies Export Strategy - a comprehensive strategy to encourage the development and support of overseas markets for American environmental technology with particular emphasis on markets with severe or accelerating environmental crises.

END OF YEAR SPENDING REVIEW

As directed by the House of Representatives Treasury, Postal and General Government Appropriations Subcommittee, OPD has established procedures to review and plan end of year spending. In past years, OPD has undertaken a review of year end spending to ensure that funds are obligated not only for necessary items but also for those items proposed in the annual budget justification. This review typically begins early in the third quarter of each fiscal year with a review of needs and requirements for equipment, supplies, and services. A year-end spending plan is developed by the OPD Administrator and approved by all OPD directors. The OPD Administrator is accountable for all expenditures and is charged with the end of year spending review.

SUMMARY OVERVIEW

Executive Office of the President
Office of Policy Development

The fiscal year (FY) 1995 budget request of $5,081,000 for the Office of Policy Development (OPD) is a decrease of $41,000 from the FY 1994 appropriation of $5,122,000. The personnel authorization requested for FY 1995 is 40 full-time equivalent (FTE) workyears, the same as requested for FY 1994.

The budget authority requested will provide full funding for the payroll and other expenses necessary to support the three policy groups. Due to the nature and responsibilities of OPD, 73 percent of the total budget is for personnel costs. Salaries and benefits total $3,714,000, a decrease of $110,000 from FY 1994. This request includes $101,000 for the 1.6% pay raise and the increases in personnel benefits per OMB guidance for the 40 FTEs and reimbursable detailees. A reduction of $211,000 for the non-recurring severance and unemployment costs related to the close-out of the Council on Environmental Quality (CEQ).

Increases are requested for office rent, $57,000, reflecting space assignment and rates charged by the General Services Administration. Other current services level increases totalling $34,000 are included for communications and utilities; printing; and supplies and materials. Reductions have been taken in accordance with the President's mandate to reduce administrative overhead in Rent, Communications, and Utilities (RCU) ($3,000); Other Services ($1,000); Supplies and Materials ($2,000); and Equipment ($2,000). Additional non-recurring costs associated with the close-out of CEQ account for a decrease of $14,000. No increase for travel is requested in FY 1995.

SUMMARY OVERVIEW (FINANCIAL)

Executive Office of the President
Office of Policy Development

Fiscal Year 1994 Appropriation	**$5,122,000**
Fiscal Year 1995 Increases/Decreases	
Personnel Compensation and Benefits	**$101,000**
Increase in Rental Payments to GSA	**$57,000**
Other Current Services Level Increases/Decreases	**$34,000**
Administrative Reduction	**($8,000)**
Non-Recurring Costs	**($225,000)**
Fiscal Year 1995 Request Level	**$5,081,000**

Personnel Summary

FY 1994 Authorization - FTE	**40**
FY 1995 Request - FTE	**40**

APPROPRIATION LANGUAGE

Executive Office of the President
Office of Policy Development

Salaries and Expenses

For necessary expenses of the Office of Policy Development, including services as authorized by 5 U.S.C. 3109 and 3 U.S.C. 107; [$5,122,000] *$5,081,000.*

(Executive Office Appropriations Act, 1994.)

PROGRAM AND PERFORMANCE

Executive Office of the President
Office of Policy Development

The Office of Policy Development supports the National Economic Council, the Domestic Policy Council, and the Office on Environmental Policy, in carrying out their responsibilities to advise and assist the President in the formulation, coordination, and implementation of economic, environmental, and domestic policy. The Office of Policy Development also provides support for other domestic policy development and implementation activities as directed by the President.

Executive Office of the President
Office of Policy Development
Program and Financing Schedule
(In Thousands of Dollars)

Identification Code 11-2200-0-1-802	FY 1993 Actual	FY 1994 Estimated	FY 1995 Estimated
Program by Activities			
00.01 Direct Program	3,657	5,122	5,081
01.01 Reimbursable Program	576	1,960	0
10.00 Total Obligations	4,233	7,082	5,081
Financing			
25.00 Unobligated balance expiring	115	0	0
39.00 Budget Authority (gross)	4,348	7,082	5,081
Budget Authority			
40.00 Appropriation	3,772	5,122	5,081
68.00 Spending Authority from offsetting collections	576	1,960	0
Relation of Obligations to Outlays			
71.00 Total Obligations	4,233	7,082	5,081
72.40 Obligated Balance, start of year	928	1,105	1,387
74.40 Obligated Balance, end of year	-1,105	-1,387	-1,539
77.00 Adjustments in Expired Accounts	-172	0	0
87.00 Outlays (gross)	3,884	6,800	4,929
Adjustments to Budget Authority and Outlays			
88.00 Federal Funds	-576	-1,960	0
89.00 Budget Authority (net)	3,772	5,122	5,081
90.00 Outlays (net)	3,308	4,840	4,929

Executive Office of the President
Office of Policy Development
Personnel Summary

	FY 1993 Actual	FY 1994 Estimated	FY 1995 Estimated
Ungraded Positions, FTP	40	40	40
Total Employment, end of year, FTE	37	40	40
Detail of Positions			
Direct			
Total Compensable Workyears:			
Full-time Equivalent Employment	37[1]	39	40
Reimbursable			
Total Compensable Workyears:			
Full-time Equivalent Employment	0	1	0
Average Salary of Ungraded Positions	$64,737	$66,034	$67,091

[1] The Personnel Summary in the President's FY 1995 incorrectly listed 39 direct FTEs and 1 reimbursable FTE for FY 1993.

Executive Office of the President
Office of Policy Development
Object Classification
(In Thousands of Dollars)

	FY 1993 Actual	FY 1994 Estimated	FY 1995 Estimated
Personnel Compensation:			
Full-time Permanent	1,948	2,736	2,794
Other Than Full-time Permanent	7	10	10
Other Personnel Compensation	0	0	0
Special Personal Services Payments	102	438	472
Total Personnel Compensation	2,057	3,184	3,276
Civilian Benefits	499	429	438
Benefits for Former Personnel[2]	0	211	0
Travel & Transportation of Persons	46	225	225
Transportation of Things	0	1	1
Rental Payments to GSA	377	687	744
Communications, Utilities, & Misc. Charges[2]	139	125	134
Printing & Reproduction	12	10	15
Other Services[2]	93	110	107
Supplies and Materials	55	60	63
Equipment	379	80	78
Subtotal, Direct Obligations	3,657	5,122	5,081
Reimbursable Obligations	576	1,960	0
Total Obligations	4,233	7,082	5,081

[2] Provides for close-out of CEQ. These costs were included under full-time permanent personnel compensation in the President's FY 1994 budget.

DETAILED EXPLANATION OF CHANGES REQUESTED FOR FY 1995

Justification of Changes by Object Class (In Thousands of Dollars)

FY '94	FY '95		Net Change
		Personnel Compensation and Benefits	
$3,824	$3,714	The amount requested for FY 1995 is sufficient to fund 40 authorized positions, including the related personnel benefit costs. Of the total, $2,794 is for salaries for full-time permanent positions. The reduction is the net effect of an increase of $58 to meet anticipated increases in salaries for full-time permanent personnel; an increase of $34 to meet the anticipated increases in reimbursements for detailees; an increase of $9 for the increased cost of civilian personnel and benefits per OMB guidance; and a non-recurring $211 requested in FY 1994 for severance and unemployment costs related to the close-out of CEQ.	($110)
		Travel and Transportation of Persons	
$225	$225	This is the estimated amount for the transportation and per diem for essential	$0

FY '94	FY '95		Net Change
		staff and invitational travel. No increase is requested.	
		Transportation of Things	
$1	$1		$0
		This is an allowance for delivery charges and shipments. No increase is requested.	
		Rental Payments to GSA (RENT)	
$687	$744		$57
		This request is $57 above the amount for FY 1994 which reflects the increase in the temporary use of additional office space which is occupied by OPD staff for short-term policy projects based on the rates charged GSA.	
		Rent, Communications and Utilities (RCU)	
$125	$134		$9
		This is the estimated cost of telephone service, utilities, and equipment leases. The net requested increase is $9 and includes $15 to meet the telecommunications requirements of short-term policy coordination projects; a $1 inflator adjustment per OMB guidance; a reduction of $3 to reflect the impact of the President's initiative on administrative cost reduction;	

FY '94	FY '95		Net Change
		and a decrease in non-recurring costs of $4 for the close-out of CEQ.	
		Printing and Reproduction	
$10	$15		$5
		This an increase of $5 above the amount budgeted in FY 1994 and reflects anticipated increases in printing and graphic design needs for all three policy groups.	
		Other Services	
$110	$107		($3)
		This decrease of $3 includes a requested increase of $5 to meet the requirements of short-term policy coordination projects; a $3 inflator adjustment per OMB guidance; a reduction of $1 to reflect the impact of the President's initiative on administrative cost reduction; and a decrease in non-recurring costs of $10 requested in FY 1994 for the close-out of CEQ.	
		Supplies and Materials	
$60	$63		$3
		This is an increase of $3 over the amount budgeted for FY 1994. This request includes a $5 increase for office supplies, materials, and publications with a $2 decrease to reflect the impact of the	

FY '94	FY '95		Net Change
		President's initiative on administrative cost reduction.	
		Equipment	
$80	**$78**		**($2)**
		This request is sufficient to meet the equipment needs for all three policy groups. The $2 reduction reflects the impact of the President's initiative on administrative cost reduction.	
$5,122	**$5,081**	**TOTAL FOR ALL OBJECT CLASSES**	**($41)**

Ms. THOMASSON. Thank you. This year I did determine it would be more feasible, with guidance from the committee, to make a consolidated statement as opposed to having seven different statements.

Mr. HOYER. All right.

Ms. THOMASSON. Good morning, Mr. Chairman, Members of the subcommittee, I am pleased to be here with you this morning. Today I have accompanying me Mr. John Cressman, the Assistant Director of the Office Administration, and Mr. Jurg E. Hochuli, the Director of the Financial Management Division, Office of Administration.

Today we are here to present seven Executive Office of the President accounts, Compensation of the President, the White House Office, the Office of Administration, Special Assistance to the President, the Official Residence of the Vice President, the Office of Policy Development, and the Unanticipated Needs account.

Last year we discussed extensively the administration's plan to reduce staffing by 25 percent to achieve the level of 1,044. Currently we are below the 1,044 level and have not yet to date exceeded it. Yet, we would be remiss if we did not say that from time to time as the work ebbs and flows, we may exceed the 1,044, but on average, for the fiscal year, we should not exceed our agreed upon staffing level.

As a result of the Executive Office of the President reorganization last year, many offices have been changed and some in fact have been eliminated. However, the reorganization, we believe, has resulted in improvements in our support of the President.

For example, a Customer Services Office has been established within the Office of Administration based on a recommendation by the National Performance Review. This Customer Services Office is a source of information and assistance for all the Executive Office of the President agencies ensuring that daily operations run smoothly.

The emphasis throughout the Executive Office of the President on employing policy personnel has contributed to the creation of an innovative and experienced pool of advisers to assist the President in the development and implementation of policy, and the advances in technology available to the staff has increased their productivity as well as reduced the need for administrative support.

All this has been done with one thought in mind: Maximize the use of available resources while at the same time creating a lean, efficient, high quality support group for the President.

The funds being requested reflect a current services level and will be used to support the President as he fulfills his official duties. The fiscal year 1995 budget for these seven accounts totals $80.242 million, a 9 percent increase over the 1994 authorized level. Allow me to review the highlights of the budget request briefly.

As you know, the President has identified and is undertaking several major initiatives. These initiatives include ensuring quality health care for all Americans, pursuing the fight against crime, reforming welfare to put people back to work, and moving a defense

economy to one focused on civilian needs. This budget provides the funds necessary to support these initiatives.

First, the most significant component of this increase is personnel compensation and benefits. Specifically, within the White House Office, the reason for this is two-fold. First to keep the staff level under the current limits, we have had to and will continue to have to increase the policy support ratio to the support staff; and second the general government-wide pay increase. Another increase is in the Office of Administration, which is requesting an additional three FTEs as well as the funding to support these positions. This increase is a result of the court case that began in January of 1989. In *Armstrong v. the Executive Office of the President,* which we have discussed here many times, the court has ordered the Office of Administration to manage the electronic records system for the Executive Office of the President. This is a brand-new initiative for the Office of Administration, one we have not had to complete in the past.

All other increases in this object class are due to the general government-wide pay increase developed under OMB's guidelines. The President's goal is to create a government whose hallmark is quality. The foundation of that government is a smaller, more capable and more resourceful staff.

We believe this structure in the Executive Office of the President, more policy, less support, will make a significant contribution toward transforming the Executive Office of the President into an organization which can maximize its resources, accomplishing more with less.

The other half of the equation is tools. No matter how well trained our personnel are, they must have the proper tools to work with. The White House request includes funding to upgrade the out-of-date desktop computers, to continue software upgrades, and continue the process of connecting computers to local area networks. The Office of Administration, which provides the information management structure, the architecture, for the entire Executive Office of the President is requesting additional funds to improve its support for the agencies and thereby the President's initiatives. Consistent with the President's initiatives toward investing in infrastructure and technology, one of these enhancements is improvement of the networking platforms. With these resources, the Office of Administration will be able to provide the necessary tools to support the President's agenda.

As we discussed during testimony last year, we are moving away from a centralized information management system to a local area network system. These networks provide a decentralized structure that will enhance efficiency by allowing a work group to have the bulk of its information management needs met at the work group level, rather than the current system which routes everything through a central site. It also enables each work group to share data and provide a platform for a decentralized electronic mail system, increasing speed and effectiveness. Also, this request supports essential improvements in information retrieval systems in the libraries. This step enhances the staff's ability to do comprehensive research quickly and efficiently. All of these resources are nec-

essary to provide the quality of support the President needs at the Executive Office of the President.

Before I complete my opening remarks, I wanted to take a moment to specifically address one issue that has been the subject of several inquiries in recent weeks, the procedure for issuing White House passes. Let me say at the outset that I have appreciated the questions raised by some Members of this committee. In candor, those questions prompted us to take a severe look at the processes in this important area. We are confident that the procedures already in place are adequate to address the most essential security issues faced by the White House. Nonetheless, we have taken a number of steps to reinforce existing guidelines for insuring 100 percent timely compliance by all personnel, and to streamline and accelerate the process for completing security checks.

The Committee may find three specific facts of particular significance. First, with the exception of a small number of individuals who began work less than 30 days ago, everyone in the Executive Office of the President has submitted the necessary paperwork for a full security check.

Second, all current employees have been the subject of, and passed, a preliminary background check which includes an FBI computer search for criminal history and a review of existing intelligence files on each individual. That check, which occurs before the issuance of even a temporary pass, satisfies one of the principal objectives of the security system at the White House, that is, minimizing the risk that dangerous or unstable individuals would have access to the White House complex.

And third, the entire process for obtaining a permanent pass, including a full field FBI investigation, now takes, on average, only four months. I am pleased to be able to report these facts today and again wish to express our thanks and appreciation to those Members who identified this as an area of concern warranting some further investigation.

Thank you for the opportunity to be here with you today. At this time, I would like to submit a full statement on each account for the record, Mr. Chairman. This concludes my remarks and I would be happy to answer questions relative to our budget at this time.

Mr. HOYER. Thank you very much. Without objection, the statements of the other accounts will be included in the record in full at this time.

[The prepared statements follow:]

HEARING ON
FISCAL YEAR 1995 BUDGETS
FOR:

OFFICE OF POLICY DEVELOPMENT
COMPENSATION OF THE PRESIDENT
WHITE HOUSE OFFICE
OFFICE OF ADMINISTRATION
SPECIAL ASSISTANCE TO THE PRESIDENT
OFFICIAL RESIDENCE OF THE VICE PRESIDENT
UNANTICIPATED NEEDS

BEFORE THE
SUBCOMMITTEE ON THE TREASURY, POSTAL SERVICE,
AND GENERAL GOVERNMENT
COMMITTEE ON APPROPRIATIONS
UNITED STATES HOUSE OF REPRESENTATIVES

MARCH 22, 1994

WITNESSES

PATSY L. THOMASSON TOM
SPECIAL ASSISTANT TO THE PRESIDENT AND DIRECTOR
OF THE OFFICE OF ADMINISTRATION

JOHN W. CRESSMAN
ASSISTANT DIRECTOR OF THE OFFICE OF ADMINISTRATION

JÜRG E. HOCHULI
DIRECTOR, FINANCIAL MANAGEMENT DIVISION
OFFICE OF ADMINISTRATION

Biography of Patsy L. Thomasson
March 22, 1994

Patsy L. Thomasson currently serves as Special Assistant to the President and Director of the Office of Administration.

In her private sector career, Ms. Thomasson was Executive Vice President and President of the Phoenix Group, Inc., a holding company which had subsidiaries including real estate development, investment banking, and management firms. Before joining the Phoenix Group, Ms. Thomasson was President of Southern Management Association, Inc., which she and her partner formed to own and manage hospitals and nursing homes throughout Arkansas. She has also served as Associate Administrator of Doctors Hospital in Little Rock where she was directly in charge of its major revenue producing departments.

From 1969 to 1971 and 1972 to 1974, Ms. Thomasson served as Staff Assistant to Congressman Wilbur D. Mills. Ms. Thomasson's early service was in his Washington office and her latter was in his District Office where she served as an ombudsman and represented Mr. Mills in Arkansas when congressional duties required his presence in Washington.

Ms. Thomasson recently served as the Executive Director of the Democratic Party of Arkansas where she oversaw the implementation of policies set by the Chairman and the Executive Committee of the Democratic Party of Arkansas. During the fall of 1992 she was responsible for the day to day oversight of the Coordinated Campaign in Arkansas. She was also appointed member of the Arkansas State Highway and Transportation Commission by Governor (now Senator) David H. Pryor and served for ten years. In addition, she was elected Chairman of the Select Committee on Commissioners and Board Members of the American Association of State Highway and Transportation Officials by her peers and served in this capacity for four years.

Ms. Thomasson holds a bachelor's degree from Henderson State University and a master's degree from the University of Missouri.

Biography of John W. Cressman
March 22, 1994

John W. Cressman has served as the Assistant Director for the Office of Administration since July of 1993.

As Assistant Director, Mr. Cressman is responsible for day to day operations within the Office of Administration. He coordinates and manages a staff of 189, acting as a focal point for problem solving and ensuring the highest level of support for all agencies within the Executive Office of the President.

Mr. Cressman came from The Prudential Insurance Co. of America, where he was the Director of Internal Audit Administration at the company's corporate headquarters. He began his career as a staff auditor with The Prudential in 1971. He was promoted regularly to positions of greater management responsibility at the company's regional headquarters in Philadelphia, Chicago, and Minneapolis.

Mr. Cressman holds a bachelor's degree from The Pennsylvania State University and a master's degree from Lehigh University in Pennsylvania. He recently participated in The Brookings Institute's executive program.

Mr. Cressman has a long history of community service and has been active at the board level in several organizations including The United Way, the Boy Scouts of America, and the American Red Cross.

A native of Pennsylvania, Mr. Cressman currently lives Montgomery Village, MD with his wife Pamela and children John Jr. and Emily.

Biography of Jürg Hochuli
March 22, 1994

Jürg Hochuli is the Director of the Financial Management Division (FMD), Office of Administration, Executive Office of the President. Mr. Hochuli, a graduate of the University of Maryland, began his career with FMD as an accountant in 1983 and in 1989 became the Accounting Officer. Mr. Hochuli was appointed Acting FMD Director in July 1993 and named Director in October. He has been a member of the Association of Government Accountants since 1986.

CONSOLIDATED OPENING STATEMENT
EXECUTIVE OFFICE OF THE PRESIDENT
HOUSE OF REPRESENTATIVES

Good morning Mr. Chairman and Members of the Subcommittee. I am pleased to be here with you this morning. Today, I am accompanied by Mr. John Cressman, Assistant Director for the Office of Administration and Mr. Jürg Hochuli, Director of the Financial Management Division, Office of Administration.

Today we are here to present seven Executive Office of the President accounts: Compensation of the President, the White House Office, the Office of Administration, Special Assistance to the President, the Official Residence of the Vice President, Unanticipated Needs, and the Office of Policy Development. Last year we discussed extensively the Administration's plan to reduce staffing levels by 25% to achieve the level of 1,044. Currently we are below the 1,044 staffing level and have not to date exceeded it. Yet, we would be remiss if we did not say that from time to time as the work ebbs and flows, we may exceed the 1,044; but on average for the fiscal year we should not exceed our agreed upon staffing level.

As a result of the Executive Office of the President reorganization we discussed last year, many offices have been changed and some have been eliminated. However, the reorganization -- we believe -- has resulted in improvements in our support of the President. For example, a customer services office was established within the Office of Administration based on a recommendation of the National Performance Review. This customer services office will be a source of information and assistance for all the EOP agencies, ensuring daily operations continue smoothly. The emphasis throughout the Executive Office of the President on employing policy personnel has contributed to the creation of an experienced and innovative pool of advisors to assist the President in the development and implementation of policy. And the advances in the technology available to the staff has increased their productivity as well as reduced the need for administrative support. All this has been done with one thought in mind: maximize the use of available resources; while at the same time creating a lean, efficient, high quality support group for the President.

The funds being requested reflect a current services level, and will be used to support the President as he fulfills his official duties. The fiscal year 1995 budget request for these seven accounts totals $80,242,000, a 9 percent increase over the 1994 authorized level. Allow me to review the highlights of this request briefly.

As you know, the President has identified and is undertaking several major initiatives. These initiatives include ensuring quality health care for all Americans, pursuing the fight against crime, reforming welfare to put people back to work, and allowing for a smooth transition from a defense economy to one focused on civilian needs. This budget request provides the funds necessary to the support these initiatives.

First, the most significant component of this increase is personnel compensation and benefit costs. Specifically, within the White House Office, the reason for this request is two fold, (1) to keep the staff level under current limits, we have had to, and will continue to have to, increase the ratio of policy staff to support staff; and (2) the general government-wide pay increase. Another increase is in the Office of Administration, which is requesting an increase in full-time equivalent positions as well as the funding to support the positions. This increase is a direct result of a court case that began in January of 1989. In *Armstrong v. Executive Office of the President* the court has ordered the Office of Administration to manage the electronic records of the Executive Office of the President. The management of an electronic records management system is a new initiative for the Office of Administration.

All other increases in this object class are due to the general, government-wide pay increase developed under OMB's guidance. The President's goal is to create a government whose hallmark is quality. The foundation of that government is a smaller, more capable and resourceful staff. We believe this structure in the EOP -- more policy, less support -- will make a significant contribution toward transforming the Executive Office of the President into an organization which can maximize its resources, accomplishing more with less.

The other half of the equation is tools. No matter how well trained or experienced our personnel are, they must have the proper tools to do an effective job. The White House request includes funding to upgrade the out of date desk top computers, to continue software upgrades, and continue the process of connecting the current equipment to local area networks. The Office of Administration, which provides the information management architecture from which the rest of the Executive Office of the President operates, is requesting additional funds to improve its support for the agencies, and thereby the President's initiatives. Consistent with the Administration's emphasis on investing in infrastructure and technology, one of these enhancements is improvement of the networking platforms. With these resources the Office of Administration will be able to provide the necessary tools to support the President's agenda. As we discussed during testimony last year, we are moving away from the centralized information management system to a local area network structure. These networks will provide a decentralized structure that will enhance efficiency by allowing a work group to have the bulk of its information management needs met at the work group level; rather than the current system which routes everything through a central site. It also enables each work group to share data and provides a platform for a decentralized electronic mail system, increasing speed and effectiveness. Also, this request supports essential improvements in information retrieval systems. This step enhances the staff's ability to do comprehensive research quickly and efficiently.

All of these resources are necessary to provide the level and quality of support the President needs and the EOP merits.

I want to take a moment to specifically address one issue that has been the subject of several inquiries in recent weeks: the procedures for issuing White House passes. Let me say at the outset that I have appreciated the questions raised by some members of this Committee. In candor, those questions prompted us to take a look at this important area. We are confident that the procedures already in place are adequate to address the most essential security issues faced by the White House. Nonetheless, we have now taken a number of important steps: 1) to reinforce existing guidelines for insuring 100% compliance by all personnel; and 2) to streamline and accelerate the process for completing security checks.

The Committee may find three facts of particular significance. First, with the exception of a small number of individuals who began work less than 30 days ago, everyone in the Executive Office of the President has submitted the necessary paperwork for a full security check. Second, all current employees have been the subject of -- and passed -- a preliminary background check, which includes an FBI computer search for criminal history and a review of any existing intelligence files on the individual. That check, which occurs before issuance of even a temporary pass, satisfies one of the principal objectives of a background investigation: minimizing the risk that dangerous or unstable individuals would have access to the White House Complex. And third, the entire process for obtaining a permanent pass (including a full field FBI background check) now takes, on average, only four months. I am pleased to be able to report these statistics, and again wish to express our appreciation to those members who identified this as an area warranting some further examination.

Thank you for the opportunity to appear before you today. At this time I would like to submit a full statement on each account for the record. This concludes my remarks and I would be happy to answer any questions that you may have at this time.

OPENING STATEMENT
COMPENSATION OF THE PRESIDENT

Mr. Chairman and Members of the Committee:

The fiscal year 1995 budget request for the Compensation of the President account is $250,000. This includes $200,000 for the President's salary and $50,000 for the expense account for his official use as authorized by Title 3 of the United States Code. No change from fiscal year 1994 is requested.

OPENING STATEMENT
WHITE HOUSE OFFICE

Mr. Chairman and Members of the Committee:

The fiscal year 1995 budget request for the White House Office is $41,822,000 and 400 full-time equivalent positions, an increase of $3,068,000.

As you know, the President has outlined a bold and challenging agenda for our country. Significant resources are required to support his initiatives on health care, crime, welfare reform, conversion of the economy from defense to civilian, and many more. Due to the difficult and the labor intensive nature of the work, the President requires an experienced, energetic and highly motivated staff to concentrate on policy. The President has employed, and wishes to continue to employ, a higher concentration of policy advisors versus support staff. While the individual salaries remain within the salary caps set early by the Administration, the level of compensation required to support this mix is inherently higher. Another significant component of this cost is that most of the staff are covered by the Federal Employees Retirement System, which is more expensive than the Civil Service Retirement System benefit package.

Quality staff alone is not enough. The staff needs to be coupled with the proper tools in order to get the job done. The remainder of the budget continues to improve the resources available to the White House Office and will provide the staff with the tools necessary to work effectively. One of the resources for which this budget request supplies funding is satellite communication expenses, which will allow the President to communicate directly with the American public. Also, the expanded policy agenda requires a modest increase in staff travel to augment the President's efforts to communicate with the American people. Other increases will be used to standardize automated systems; continue the replacement of desk top computers which have surpassed their anticipated life cycle as well as software to maximize the capabilities of the equipment; and other related expenses. This activity will eliminate the increased cost of maintaining a patch-work of systems; replace the older systems with an efficient, integrated, unified platform for information processing; and provide the staff with the tools to achieve the highest level of support for the President.

This budget reflects the President's priorities and the resources requested will ensure that the President and his staff have the necessary vehicles in order to continue smooth, seamless operations within the White House Office.

OPENING STATEMENT
OFFICE OF ADMINISTRATION

Mr. Chairman and Members of the Subcommittee:

The fiscal year 1995 budget request for the Office of Administration is $28,448,000 and 192 full-time equivalent positions, an increase of $3,598,000 and 3 full-time equivalent positions to administer record keeping responsibilities dictated by the court.

Ninety four percent of this funding will be used to maintain the current services level and ensure a high level of quality in our support of the Executive Office of the President agencies. In general, five areas within the current services level require increases. The Office of Administration's records management responsibilities associated with and prescribed by *Armstrong v. the Executive Office of the President* have resulted in a need for more resources and 3 additional FTEs. These expenses are the recurring costs associated with the court mandated records management system. Personnel compensation includes these new full-time equivalent positions, and the general government-wide pay increase. Other increases are due to maintenance of the main switch for the new telephone system, which is a savings over the older contract as well as a quantum leap in technology, and additional customer support to the Executive Office of the President agencies.

Recent rulings in *Armstrong* charges the Office of Administration with records management responsibilities. The fiscal year 1994 supplemental provided funding to design and build a system to meet the requirements of the court. In this request are the recurring expenses to support the system funded with the 1994 supplemental funds. These expenses are necessary to continue compliance with the courts decision.

In the arena of information management services, the Office of Administration provides the platform which supports the information management systems within the entire Executive Office of the President. Funds in this request will be used to expand and improve the EOP data network, including the continual process of upgrading hardware and software to meet the needs of the customer agencies. With the upgrades are plans to initiate a pilot project designed to deliver a decentralized electronic mail system, which for the last nine years has been a centralized structure. The new structure of the information management systems will allow a distributive e-mail system, improving the speed of the data network and maximizing the effectiveness of the current hardware.

The General Services Administration has assigned the Office of Administration new space in the South East Federal Center to house mail and associated support services. This new location will serve as OA's new Remote Delivery Site. Funds will provide for the proper equipment and furnishings necessary to effectively utilize the new space.

Overall, this appropriation will provide for critical enhancements to achieve a meaningful level of support for the President and the Executive Office of the President agencies.

OPENING STATEMENT
SPECIAL ASSISTANCE TO THE PRESIDENT

Mr. Chairman and Members of the Subcommittee:

The fiscal year 1995 budget request for the Special Assistance to the President account is $3,314,000 and 21 full-time equivalent positions, an increase of $44,000.

This account provides support to the Vice President in his role as a key advisor to the President. The modest $44,000 increase will allow the Office of the Vice President to continue to provide an adequate level of support to the Vice President while also adhering to the OMB provided guidance. Increases are requested in travel and transportation, personnel, and GSA rent. These funds will ensure that the Vice President has the resources necessary to accomplish a wide scope of duties in support of the President and his initiatives.

OPENING STATEMENT
OFFICIAL RESIDENCE OF THE VICE PRESIDENT

Mr. Chairman and Members of the Subcommittee:

The fiscal year 1995 budget request for the Official Residence of the Vice President account is $327,000 and one full-time equivalent position, an increase of $3,000.

These funds will provide for the basic expenses of operating and maintaining the residence. The modest $3,000 increase is the net result of a small increase in personnel compensation and equipment, and a reduction in travel.

OPENING STATEMENT
UNANTICIPATED NEEDS

Mr. Chairman and Members of the Committee:

The fiscal year 1995 budget request for the Unanticipated Needs account is $1,000,000, as authorized by law in Title 3 of the United States Code. As defined by Public Law 95-570, these funds will enable the President to meet unexpected needs in order to advance the national interest, national security, or national defense. There is no change from the fiscal year 1994 request.

OPENING STATEMENT
OFFICE OF POLICY DEVELOPMENT

Mr. Chairman and Members of the Committee:

The fiscal year 1995 budget request for the Office of Policy Development account is $5,081,000 and 40 full-time equivalent positions, a decrease of $41,000.

In order to achieve coordination of policy government-wide, the Office of Policy Development was reorganized early in 1993. The reorganization has been completed and OPD is now actively pursuing the various initiatives on the President's agenda. The net decrease reflects costs that are not recurring in the fiscal year 1995 budget and a modest increase in current services levels.

EOP STAFFING LEVELS

Mr. HOYER. Ms. Thomasson, let me inform the committee Members that I am going to try to limit the time to five minutes for myself and all others, and then we will go through a second round and a third round if necessary.

Ms. Thomasson, the Executive Office seems to be well below total ceilings at this time. The FTEs are well below the ceiling and the detailees are currently seven, above the ceiling.

In our House report last year, we established a personnel ceiling for the Executive Office of 1,044 on board strength in 1994, a reduction of 350 below the 1,394 on board on November 7th of 1992. We added an additional 15 positions, as you recall, dealing with the Office of National Drug Policy.

What was your total on-board strength on September 30 1993, the end of the fiscal year?

Ms. THOMASSON. Mr. Chairman, I would like to address how many were on board on October the 1st, the next morning, because the 30th was the actual day when many people were still on board. The actual number on October 1 was 1,005.

Mr. HOYER. All right. So at the beginning of the fiscal year, we had 1,005. How many do we have now?

Ms. THOMASSON. 1,031, Mr. Chairman.

Mr. HOYER. So effectively, you are 13 under the 1,044 level at this point in time.

Ms. THOMASSON. Yes, sir.

Mr. HOYER. Now, as you indicated in your testimony, that goes up and down depending upon work load; is that correct?

Ms. THOMASSON. That is correct, Mr. Chairman, but we have not been above the 1,044 level since October 1.

Mr. HOYER. Now, of the mix of that 1,044 we included in the budget were 901 FTEs and 143 detailees. What is the mix of the 1,031?

Ms. THOMASSON. The 1,031, the mix is 870 FTEs, EOP staff, and 161 detailees or other government employees.

Mr. HOYER. Now, do your plans call for you to be at or below the ceiling at the end of this fiscal year?

Ms. THOMASSON. It calls for us to be at the ceiling, Mr. Chairman.

Mr. HOYER. 1,044 positions. Now, you have more detailees than were provided and less FTEs. To what do you attribute that?

Ms. THOMASSON. There have been times when we had special needs for people who had a special kind of talent in an area. When we have had that need, rather than try to train someone or bring someone up to speed, we have asked another agency in the government to send someone over who had that special talent on a short-term basis.

PERSONNEL RECORD PROCESSING

Mr. HOYER. It is my understanding that all paperwork on personnel is now current; is that correct?

Ms. THOMASSON. That is absolutely correct, Mr. Chairman.

Mr. HOYER. Last year, as you recall, in the rush to staff the Executive Office, some people were actually at work before all the paperwork was done.

Ms. THOMASSON. That is correct, sir.

Mr. HOYER. Are there currently any employees working in the Executive Office whose paperwork for employment has not been completed?

Ms. THOMASSON. All paperwork for all employees is completed before they go on the payroll, Mr. Chairman.

Mr. HOYER. A GAO report indicated some of the employees were inadvertently overpaid during the first months of the administration. How much were they overpaid? How much has been recovered? And what action is being taken to recover the remaining accounts?

Ms. THOMASSON. The total remaining to be recovered, Mr. Chairman, is $502 and change. That is from two employees who have made arrangements with the General Services Administration to repay that money.

They have made arrangements that are satisfactory to the General Services Administration. GSA has told us that they anticipate having the money at least by the end of the month.

Mr. HOYER. Do you know how much was to be repaid?

Ms. THOMASSON. A total of around $16,000,

Mr. Chairman.

WHITE HOUSE TRAVEL OFFICE

Mr. HOYER. With regard to the White House Travel Office, let me ask two questions there and then I will quit. The General Accounting Office is currently investigating events surrounding the White House Travel Office.

We had a lot of discussions with you about that issue I know all five of the employees at the travel office are now reassigned in jobs of comparable status and pay.

Has the White House given the General Accounting Office access to all information they need to conduct the investigation about this incident?

Ms. THOMASSON. Yes, Mr. Chairman, in fact, the White House has received a letter from Mr. Conyers, and if I might be allowed to read a statement from it. Quoting from Mr. Conyers' letter of February the 25th to the President, "According to the GAO and contrary to the letter, the White House has been cooperative with the review. They have been granted access to all requested files and to personnel. On checking with the GAO, I discovered that there are no requests for interviews with White House personnel or for documents which have been denied. This is contrary to some GAO experiences with the White House in the previous administration when, according to the GAO, the White House denied access to nearly all documents and information regarding possible travel abuses on official aircraft."

Mr. HOYER. Now, before I conclude, would you tell us the status of the travel office employees?

Ms. THOMASSON. The travel office employees, of which there were seven, Mr. Chairman, two have retired. The other five were placed in comparable jobs throughout the government.

Mr. HOYER. Fine, thank you.
Mr. Lightfoot.

WHITE HOUSE LEGAL MATTERS

Mr. LIGHTFOOT. Thank you, Mr. Chairman.

Ms. Thomasson, a moment ago I talked about some of the incompleted answers that we have received to questions about White House operations and so on.

Earlier this year, Mr. Istook, Mr. Wolf and I wrote to Mr. Nussbaum about the use of official funds to provide legal counsel for the President on personal matters. In a letter that he sent to us on February the 10th he said, and I quote, "No White House staff members are acting as lawyers for the President and the First Lady where there is no official nexus," end of quote.

And that is a pretty straightforward statement. But if you look at the Washington Post, they had a story on March 10th that Vince Foster worked on personal financial matters for the Clintons shortly before his death. Foster prepared three years of back tax returns for Whitewater Development Corporation and sent them to McDougal.

The Los Angeles Times on the following day had a story that said:

> Papers found in Vincent Foster's office after his death were legally the property of James McDougal, the Clinton's partner in the Whitewater deal. Under a December 1992 contract, Foster was to have prepared the land company's delinquent taxes and promptly return all Whitewater related documents to McDougal.

The point of reading this was not to bring up the sensitive subject of Mr. Foster's death. I don't want to talk about that at all. I merely want to provide for the record the evidence that we have seen in the media and elsewhere that would indicate at least some personal legal work was being done by White House officials, and these reports quite frankly directly contradict what Mr. Nussbaum said to us in his February 10th reply.

Now, all of us understand that White House employees may be called upon to respond to the media, the Members of Congress, to public inquiries, and those type of activities, I think, are totally acceptable. You have to do that.

But is considerably different than White House officials meeting with RTC and Treasury Department officials about Whitewater and Madison Guaranty and preparing tax returns of the Whitewater investment; both of those situations involve personal financial matters that happened long before the President took office.

What I am trying to lead to here, is that lest our right to this information be questioned let me provide a little history. In May 21 of 1974, Mr. Roy Ash testified before this subcommittee on behalf of the White House. The most interesting discussion took place in which our former Chairman, Congressman Roybal, questioned the authority of the White House to use appropriated funds to provide legal counsel to the President on matters relating to Watergate.

I want to try to draw the distinction between this and Watergate. For the sake of background, if you look at Public Law 95–570, and it is the one we all operate under, it states, "The President is au-

thorized to appoint and fix pay of employees in the White House office. Employees so appointed shall perform such official duties as the President may prescribe."

And also for the record, Watergate, unlike Whitewater and the Madison Guaranty situation, took place while the President was in office and related directly to actions which took place as a result of his being President. This is far different, I think, than the Whitewater issue or the Madison Guaranty issue which took place before the President became President.

But in spite of all that, Mr. Ash provided for the record a complete accounting of each individual who had provided Watergate related legal counsel to the President, their salaries and a breakdown of the percentage of time those individuals spent on Watergate related matters.

Mr. Roybal pointed out that the White House had no authorization for those individuals to provide such services. And again, that related to events occurring while the President was in office as a result of actions he took while President.

The Whitewater/Madison Guaranty matters did not. And the point again I am trying to make here is that the individual that was responsible for doing a lot of the book work was asked and was told there was no authorization for the individuals down there to support Mr. Nixon.

Therefore, I would like for you, and I know you don't have this with you, for the record, to provide a complete accounting of any individuals on the White House staff or any agency payroll who have provided or are providing at this point any legal counsel to the President or the First Lady on matters relating to Whitewater and Madison Guaranty, their salaries and an estimate of the percentage of time they have spent or they are spending on these matters, because, again, there is a clear difference between this situation and the Watergate situation.

Mr. Nixon was in office. What he did happened while he was in office and under those conditions, it was pointed out that no public funds should be used for the legal fees to support him and since we have got the controversy on Mr. Nussbaum's letter, perhaps you could clear the air for us on who is providing any legal help to the First Family on Watergate—I am sorry, on Whitewater.

Ms. THOMASSON. I appreciate your suggesting that we take that for the record, Mr. Lightfoot and we will answer that question for the record.

Mr. LIGHTFOOT. Thank you.

[The information follows:]

LEGAL ASSISTANCE TO THE PRESIDENT AND FIRST LADY

The policy regarding White House personnel providing the President or First Lady with legal assistance related to private issues was expressed in the Counsel to the President's letter of February 10, 1994, to Congressman Frank Wolf as follows: "[T]he President and Mrs. Clinton are represented personally by a private attorney. No public funds are being used to compensate that attorney. Furthermore, no White House staff members are acting as lawyers for the President and the First Lady where there is no official nexus." In addition to our knowledge, no government personnel outside the White House are providing or have provided legal counsel to the President or First Lady on matters relating to Whitewater or Madison Guaranty.

Mr. LIGHTFOOT. I think I probably used up my five minutes. I will come back on the second round.

Mr. HOYER. Mr. Visclosky.

GSA RENTAL PAYMENTS

Mr. VISCLOSKY. Thank you very much.

In the President's budget, is there an amendment that reduces the rent that the White House would pay GSA?

Ms. THOMASSON. Yes. There is a budget amendment, as I understand it, Mr. Visclosky, that will affect all the Executive Office of the President budgets for a reduction of rent.

As we understand the amendment, it would be directly related to a general decrease in rents in 1995. There is a slight increase in space for the White House Office that we will need in 1995 because of the increase of policy staff. They will require a little more space than support staff do, but generally speaking, the White House, as other Executive Office of the President accounts, is prepared to take any decreases in the rent budgets as suggested by GSA.

Mr. VISCLOSKY. What is the purpose of reducing the payment to GSA?

Ms. THOMASSON. Mr. Visclosky, that is a question that I hope you will pose to Mr. Panetta or Mr. Johnson because I don't have the total reason for that, but we are glad to take this cut in rent.

Mr. VISCLOSKY. So you don't know what the policy decision was?

Ms. THOMASSON. I think they just anticipated that we had paid for the buildings and were able to take a lesser amount of money.

Mr. VISCLOSKY. Let me ask you: The justifications for the rent payments to GSA, the actual for 1993 is approximately $5 million, about $4.99. For 1994, the estimate is $4.4, about a $500,000 decline, as I understand it, and then the $500,000—$400,000 increase for 1995.

You had a $500,000 dip and then a $400,000 increase. Could you explain the ebb and flow to me?

Ms. THOMASSON. The increase in 1995, as I said, Mr. Visclosky, is for space for the increased ratio of policy staff that we anticipate. In addition to that, the Old Executive Office Building, as you may know from driving by, is under renovation now. There has been a lot of the space on the fifth floor that has not been available to the Executive Office of the President because each time a project in the building is repaired or a portion of the roof is replaced, we have to vacate that space. In some instances, the space had been just been storage space. As a result of the renovation project, we will be able to occupy the space now as office space. GSA will be converting that space from storage to office space and we will be able to take on additional space in 1995 for our staff to have a more convenient place in which to work.

Under the GSA amendment, the Executive Office of the President is prepared to take the reduction as directed by OMB. I know that is an across the board decrease in all rent accounts, so we will certainly do that, Mr. Visclosky.

WHITE HOUSE PERSONNEL RECORDS

Mr. VISCLOSKY. There was a lot of controversy last year about some payroll practices as you transitioned with the administration. Could I ask you, are there currently any employees working in the Executive Office whose paperwork for employment has not been completed today?

Ms. THOMASSON. No, sir. All the paperwork for every employee working in the Executive Office of the President has been completed. It is completed before they go on the payroll.

Mr. VISCLOSKY. Thank you, Mr. Chairman.

Mr. HOYER. Mr. Wolf.

Mr. WOLF. Thank you, Mr. Chairman.

WHITE HOUSE ACCOUNTABILITY

Welcome, Ms. Thomasson. What I am going to do is read a statement which will lay out some of the concerns and then on the second round perhaps get to questions.

Mr. Chairman, I believe an important issue that we will be dealing with today is accountability. Nowhere is accountability more important than in the White House. As Meg Greenfield wrote in the Washington Post yesterday, "This administration has exhibited a blithe, and I quote, "disregard of the importance of establishing lines of responsibility for actions in government. Lines of duty, assignments are unprecedently blurred in the White House, if they exist at all."

She went on to say, "In addition, there are an awful lot of important people who are known as in and outers. They are friends and consultants and so forth who have visiting rights, temporary passes, but permanently impact, time and again," end of quote, "on issues of accountability."

This White House has, I believe, perhaps dodged some of the facts. Even on relatively routine requests, answers are seldom forthcoming until the issue is forced into the public light, and today there is an article which raises other questions in the Wall Street Journal today with regard to Mr. Kennedy who is the ethics gatekeeper.

WHITE HOUSE PASSES

For nine months now, and I want to submit all the letters to the record, I have been writing to the White House trying to get a straight story on a situation with regard to White House passes. This is an important nonpartisan, bipartisan issue involving matters of security as well as conflict of interest.

Executive Order 10450 issued by President Eisenhower requires that individuals being employed by the Executive Branch of the government be investigated to establish their reliability, trustworthiness, good conduct, character and loyalty to the United States.

In 1976, President-Elect Carter executed a Memorandum of Understanding with Attorney General Levy regarding investigations coupled with FBI internal regulations. Investigations of White House staff have been done to determine suitability for employment and trustworthiness for a clearance to classified information.

To this end, the FBI conducts inquiries concerning the individual's character, associate's loyalty and reputation in the community and on and on. And frankly, this has been good for all administrations and it is good for most or many of my constituents who work at the CIA, the FBI, the DIA, and the National Security and many other agencies.

Last week our colleagues, and I want to submit the letter for the record, Dan Glickman, Chairman of the Intelligence Committee and Larry Combest, the Ranking Republican, wrote to the CIA to express their alarm at the lax security procedures at the White House.

They understand the important role that the White House pass process plays in allowing for clearance for access to classified information. Today I listened to Mr. Woolsey on National Public Radio coming in talking about they are now going to require all the people in National Security to put all of their public, their private records of financial disclosure in. Dramatic change, and many of them are my constituents.

In light of the Aldrich Ames case, we cannot be lax with these matters. The reports of hundreds of White House employees, including our witness today, not having a permanent pass for over a year into the administration is alarming.

Why weren't timely procedures followed? Why did those in charge continually misrepresent the situation, and why is it taking this administration months and months longer than any previous administration to get employees cleared? Why is the administration running what this week's U.S. News and World Report calls a government off the books with Jim Carville and Begala and Mandy Grunwald and others who are on passes.

WHITE HOUSE SECURITY

Last summer, when the White House issued a travel gate report, Mr. McLarty wrote that, "The chief of staff, in conjunction with the counsel to the President, will provide guidance on access to the White House."

When this report was written on July 2nd, 1993, the chief of staff himself did not have a permanent pass. Neither did Mr. Kennedy who was handling the process in the White House passes in the White House counsel's office. Six months into the administration, senior members who were actually in charge of the process really weren't involved in it.

On August 19, Mr. McLarty again wrote to me and said, to our knowledge, quote, "There have been no material changes in security procedures at the White House when compared to those of previous administrations." Mr. McLarty still didn't have a permanent pass at this point. Nor did Mr. Kennedy.

At that point I discussed this matter with those who have conducted these matters in previous administrations. They said the delay of six to nine months was unprecedented. Again I wrote Mr. McLarty and received another response. On October 27th, Mr. McLarty wrote, quote, "Security clearances are being handled in a timely manner and in accordance with both procedures of previous administrations and a requirement of law," and again Mr. McLarty or Mr. Kennedy didn't have their permanent passes at that time.

I continue my correspondence into fall and into this year on this matter as we continued to hear about many individuals and senior staff who did not have permanent passes.

On February 24, 1994 Mr. McLarty wrote again, "As I previously stated, to our knowledge, security clearances are being handled both in a timely manner and in accordance with the procedures of previous administrations and the requirements of law."

Clearly this was false. At this point, Mr. McLarty either had only recently received his permanent pass or didn't even have it over a year in the administration. Now we learn Mr. McLarty only obtained his pass in the past several weeks.

Mr. Kennedy only received his pass months ago, so he too operated as Chief of the Security Office in the White House without a permanent pass.

It was not until earlier this month when the press actually inquired about this issue that the truth finally came out. Frankly, the press did a better job than the Congress in getting to the bottom of an issue that has no philosophical bearing.

It doesn't matter if you are a liberal or conservative or nonpartisan or whatever, they did a better job than we were able to do.

Actually the truth didn't come out in the first White House version, published by the Washington Post on March 11. As in so many other instances, the truth is dragged out in dribs and drabs. We are finally able to put the picture together.

More disturbing news continues to come out. We had the Dee Dee Myers situation. I spoke to members on the Intelligence Committee that said that when they would go down to the White House and be in there with the Chairman, the Joint Chiefs of Staff, the head of the CIA, the National Security Council, Dee Dee Myers was there when they were discussing our options in Somalia, our options in the Soviet Union.

Congressional inquiries on this matter were continually stonewalled and the information provided was, I think, misleading. Whether purposely or not, I don't want to say.

In closing, let me just say, I am concerned about this. I know what you said in that statement, but we haven't been able to get the answer.

The other is, I really am concerned, and if they do it in a Republican administration and when Deaver did it, it was wrong, there ought not be Carville and Begala and Mandy Grunwald and those people. Look at the salaries that they are being paid by the DNC and you look at the speeches that they are giving, clearly it is because of their access to the White House.

The President should be able to have whoever he wants to come in, but they ought not to have White House passes. They should be handled, and my time is up, like any other administrations, and I will have some questions on the second round.

Mr. HOYER. Thank you. It was not fair not to give you an opportunity to respond or say something just because in the questions, the time was used up. So any comments you would like to make in response would be welcome.

Ms. THOMASSON. I will reserve, Mr. Chairman, until the questions are asked.

Mr. HOYER. All right.
Mr. Darden.

WHITE HOUSE SECURITY PROCEDURES

Mr. DARDEN. Thank you, very much, Mr. Chairman, and a pleasure to have you here back Ms. Thomasson along with Mr. Cressman and Mr. Hochuli. Before I get into my questions, I want to first of all commend my colleague from Virginia on the sincerity and his commitment to the maintenance of security procedures at the White House.

Again, he and I do have a little difference of opinion which we have discussed on occasion though under what circumstances should access to the White House be given.

It appears to me that if there is somebody who is on the presidential staff who comes and goes and has some type of well-established relationship, how important is it that that person has some type of strong security back check? I mean, Mack McLarty, for example, he is chief of staff. No one really questions his ability, whether he ought to be able to go there or not.

So maybe the rule ought to be looked at, Mr. Chairman, with a little more flexibility. I think we are more concerned with in many instances rules than we are subjects. So perhaps that executive order itself might need some kind of revision, but as long as it is a rule, I assume that we ought to go by it.

WHITE HOUSE VOLUNTEERS

What I want to ask you about though is I have noticed that you have been able to keep the personnel down to, I believe, 1,044. That is the limit. I also see a lot of people though around the White House from time to time who are assisting on special projects.

Do you maintain a battery of just volunteers, uncompensated people, interns? Tell me about some of those other people we see around there.

Ms. THOMASSON. Well, since the Nixon administration, Mr. Darden, there have been volunteers who have done work at the White House. In fact, we have at least one volunteer today who has been volunteering since the Nixon administration. Generally speaking, the volunteers at the White House, if you did a demographic study, are usually retired persons, 55 or older, generally, although on weekends we have special groups come in. Sometimes they are Girl Scout groups, Boy Scout groups or church groups that want to come and do a volunteer project and they will come in on a weekend. We will set tables up in the hallways of the Old Executive Office Building, and they will spend a half a day opening and sorting mail and stapling it so it can be answered the next week. We do have a large pool of volunteers in the White House. In addition, each semester we have a pool of interns who come in and help and support the White House staff. This is not an unusual thing. They are an energetic group of young people who provide a lot of errand running, telephone answering, and do a really fine job for us.

They are a group of people whom I have found are excited about being at the White House, excited about having the opportunity to contribute at the White House.

Mr. DARDEN. And I guess a number of areas, depending on what the needs are; is that right?

Ms. THOMASSON. Mr. Darden, I would say on a given day we might have 200 different volunteers at any given time. We have, for example, in the mail room itself, three women who work every Friday. One is an English woman who is married to a general in the Air Force, and she has been coming to the White House to sort mail about six years since her husband was assigned to the Pentagon. She brings with her two other Air Force wives, and every Friday afternoon they are there in their place.

Then we have other people who have a Tuesday, Thursday schedule. Some people just come on Mondays, but about 200 every day come in and do volunteer work.

Mr. DARDEN. Do you have any estimate of how many man-hours—I guess the proper term is.

Ms. THOMASSON. Work hours these days.

Mr. DARDEN. Work hours are consumed by these volunteers?

Ms. THOMASSON. I would be glad to provide that for the record, Mr. Darden.

Mr. DARDEN. I would just be interested if it is available, just as a matter of curiosity, I would like to get to know to what extent you rely on people, citizens who come in and work and volunteer their time.

Ms. THOMASSON. We will be glad to provide that.

[The information follows:]

USE OF VOLUNTEERS

Those agencies of the EOP with authority to accept the services of volunteers, regularly do so without centralized coordination. We have no statistical basis or records to account for all EOP volunteers by agency, or to provide a description of the duties assigned each volunteer. (For example, a tenth grade class may come for one day to help answer children's correspondence.)

Mr. DARDEN. That is about all I have. Thank you.

Mr. HOYER. Mr. Istook.

WHITE HOUSE SECURITY PROCEDURES

Mr. ISTOOK. Thank you, Mr. Chairman.

Good to see you again, Ms. Thomasson. I would like to make one response to the gentleman from Georgia regarding what I understood to be a suggestion that perhaps some people, because they have risen to such a level of trust, therefore no longer need to be held accountable through regular security procedures.

Mr. DARDEN. If the gentleman would yield, that was not my suggestion at all and he has totally mischaracterized my—

Mr. ISTOOK. Let me finish my comment. I would not yield because I would suggest that it is exactly that type of thinking that allowed Mr. Ames to operate within the CIA with the thinking that he had perhaps acquired such a position of trust that he no longer needed to be checked on.

Security procedures, by their nature, need to cover everyone, and no one on the White House staff, I would suggest, ought to be exempted from that security protocol.

Mr. DARDEN. Will the gentleman yield? I was not saying anybody ought to be exempted. I was saying the rules need to be a little more realistic as to the various categories of the people there.

For example, the volunteers would not need to have a high level of security clearance to go into the War Room, for example, and things of this nature, and I think trying to approach a problem realistically rather than trying to say one size fits all types, that is what I was suggesting.

Mr. HOYER. The time—the Chair would advise the gentleman from Oklahoma, the time of the colloquy will not be charged against him.

WHITE HOUSE VOLUNTEERS

Mr. ISTOOK. I appreciate that. The Chairman has been very fair on allocations of time, and frankly I anticipated you would act that way, and I appreciate that. I really do.

Let me follow up, since we are talking about this area, regarding volunteers. I realize that a large number of volunteers come in to do work to help handle the volume of mail and communications that the White House necessarily has to deal with.

But I am concerned whether there is a distinct category of volunteers at the White House who, as far as the White House is concerned, are volunteers but who are being paid by someone else for the time that they are spending at the White House.

We have had examples mentioned, for example, of Mr. Carville or Mr. Begala. Let me pose the question. Are there people at the White House and within the Executive Office of the President who, as far as the White House is concerned, are functioning as volunteers but who are being compensated by someone else?

It might be the Democratic National Committee. It might be someone else, for the time that they are spending at the White House.

Ms. THOMASSON. To my knowledge, Mr. Istook, there are not people working at the White House as volunteers who are getting paid by someone else.

At one point, we found that we had a group of volunteers, five or six, students from a business school that were volunteering at the White House and, as part of their schooling, were getting paid a small stipend by the school. When we found out even that was occurring, we discharged them and told them they could not send students back to the White House as paid volunteers because that was against the policy of the White House.

To my knowledge, there are no other people who are volunteering at the White House who are in a paid capacity, Mr. Istook.

Mr. ISTOOK. So your testimony is that no one who is functioning on a consistent or a volunteer basis within the White House or the Executive Office of the President are being compensated by the Democratic National Committee for that time?

Ms. THOMASSON. To the best of my knowledge, Mr. Istook.

Mr. ISTOOK. And you would be the one that would have that knowledge; is that correct, if such was occurring?

Ms. THOMASSON. It is a requirement at the White House as part of our personnel policy and procedures that anyone who comes to work at the White House has to submit paperwork to determine

what kind of position they might have or what kind of position they might be put in.

Mr. ISTOOK. And that paperwork would come through your office?

Ms. THOMASSON. That is correct.

EMPLOYMENT LEVELS

Mr. ISTOOK. All right. On the issue of White House employees and the number of White House persons that are there full time, do the figures that you have given us, which I think is 1,031 today and basically operating at a top level of 1,044, does that include any employees that are hired on a temporary basis, including those who are hired from an outside employment service?

Ms. THOMASSON. It would depend, Mr. Istook, if it were a person who had a deliverable, on a contract to produce a specific product, a report of some kind or a specific computer need in some instances. There might be a contract where we would pay a fee for a particular developmental product. In those instances, those people would not be counted. Otherwise, people would be counted, Mr. Istook.

Mr. ISTOOK. Well, this is a new term to me, deliverable. Is that a term you found elsewhere or a term that has been generated as a categorization within the White House?

Ms. THOMASSON. It is a term in purchasing terminology. If you provide a deliverable—and you might contract for a specific deliverable which we occasionally do within the computer operation.

Mr. ISTOOK. Okay. You have mentioned examples. Do you have an exhaustive list of what you consider to be persons who are working on deliverables within the White House and the Executive Offices?

Ms. THOMASSON. At this point, Mr. Istook, I am not aware of anybody specifically working on that kind of project at the White House, in the White House office per se, nor in any of the agencies that I am testifying for today.

I will be glad to review that, determine if there are such employees, but I don't think there are, sir.

TEMPORARY PERSONNEL

Mr. ISTOOK. So none of these would be persons who are engaged in clerical duties such as filing or secretarial or stenography?

Ms. THOMASSON. I am sure that on occasion, Mr. Istook, there are people who come in to do that on a temporary basis, for a week, two weeks, or ten days, if someone is out sick, or for whatever reason. If they have a specific need, they might do that.

But as of today, I don't know of anybody at the White House in that kind of category, Mr. Istook.

Mr. ISTOOK. So other than to replace someone for a limited period of time when they are out due to illness or some other personal need, other than that occasion, you are saying that temporaries are not being employed at the White House to engage in clerical or secretarial or stenographic duties?

Ms. THOMASSON. I think the basis of the question, Mr. Istook, is do we have a RIF to reduce our employees at the White House, our

career staff, and then replace them with temporary staff. No, sir, that is not what we do.

Mr. ISTOOK. You are saying that the only utilization of temporary employees for clerical duties such as I described is for a specific replacement for a limited time when someone is out for sickness or some other personal need; that is the only occasion?

Ms. THOMASSON. That is to the best of my knowledge, Mr. Istook, yes.

Mr. ISTOOK. You say best of your knowledge. Is there anyone who would have superior knowledge to yours at the White House?

Ms. THOMASSON. There shouldn't be anyone that would have any more knowledge than I with regard to that subject matter. I am sorting through my mind. I know that the National Security Council has a secretary right now on maternity leave, and I know they have a temporary employee replacing her. Now, whether she is a former employee of the National Security Council or whether she is from a temporary agency, I do not know the answer to that, sir.

Mr. ISTOOK. I think, Mr. Chairman, my time is expired and I will come back on the next round.

WHITE HOUSE VISITORS

Mr. HOYER. Thank you, very much.

Let me pursue this just so we can clarify it. First of all, Ms. Thomasson, as Mr. Wolf has raised the issue and with reference to passes, there is some agreement on the committee and some disagreement. For instance, Mr. Begala or Mr. Carville, obviously in order to perform their functions for the Democratic National Committee, need to talk relatively regularly to the President for the purposes of getting from him his ideas.

They are not doing White House work. They are doing, as I understand it, work for the DNC, but that requires them to talk to the President. I presume other folks fall in that category, i.e., somebody who perhaps works for Rand that the President would want to talk to about national security issues, and he invites them into the White House. They are obviously being paid by Rand at that point in time, but doing work for the country if you will in terms of advising the White House.

However, on the pass issue, I want to clarify this to the extent that you know. If you don't know, we cught to ask whoever is in charge of this. We are going to talk to the Secret Service about it.

First of all, the pass purpose in the first instance is to get people on the White House grounds access so that they can come in and see whoever they are supposed to see or want to see; is that correct?

Ms. THOMASSON. That is correct, Mr. Chairman.

TEMPORARY WHITE HOUSE PASSES

Mr. HOYER. My understanding further, there are temporary passes, permanent passes, non-government service passes and contract employee passes; is that correct?

Ms. THOMASSON. That is correct, sir.

Mr. HOYER. Now, would you briefly describe the difference between those passes and what they allow you to do.

Ms. THOMASSON. A temporary pass is issued when one is a new employee at the White House. After one has in fact been checked through the FBI with both fingerprints and a simple FBI background check and a check to see if there is any other investigation going on with regard to that person, then he or she is given a temporary pass.

Next they are required to fill out the paperwork. The Chief of Staff has, in fact, detailed a policy, a reiteration of our policy, which says that if an employee fails to turn in the paperwork needed by the FBI for a full field background check within 30 days, that employee will be put on leave without pay until the paperwork is in fact complete.

Mr. HOYER. I understand that. Let me clarify. If I have a temporary pass, are there places that I cannot go where secured information is kept?

Ms. THOMASSON. Absolutely, Mr. Chairman.

Mr. HOYER. And in fact I would need an additional authorization to gain access to those materials?

Ms. THOMASSON. Not only would you need an additional authorization, in many instances, Mr. Chairman, you would require an escort too. For example, even with my temporary pass, I could not go into any national security areas without being escorted by somebody from the National Security Council.

ACCESS TO CLASSIFIED INFORMATION

Mr. HOYER. Would you in fact have access to classified information?

Ms. THOMASSON. In fact, Mr. Chairman, there are two avenues we have to think about. One is the pass itself, the other is the security clearance.

There are people at the White House who have gone through the steps necessary for a security clearance who don't have a permanent badge yet. Specifically people within the National Security Council. Those people cannot come to work until they have a full clearance for documents.

However, their background check for their pass may come at some later day. So there is a two-step process there. There are people in the White House whose specific jobs require them to have access to security information and they had their security checks earlier than they got their permanent White House passes.

Mr. HOYER. To your knowledge, have there been people who have had access to classified information who have not, in fact, had a security clearance?

Ms. THOMASSON. Mr. Chairman, I have read what the rest of the committee has read in the newspapers and Dee Dee Myers has specifically said that she had access to secure documents when she didn't have a pass.

To my knowledge, there are no other people who are in that position, and I might remind the committee that, as we are all taught in our security briefing, if we have access to classified documents, to top secret or secret documents, it is we as the keeper of the document who have the responsibility not to show that paperwork to anyone who doesn't have the appropriate clearance.

So the real problem goes back to who allowed Dee Dee Myers to see the paperwork. That person is the one who would be given a security demerit, so to speak, if there is a demerit to be given.

Now we are providing every Saturday, security briefing material run over White House TV. Three times on Saturday, everybody is given the opportunity to again review and to be reminded of the security requirements at the White House. It is part of the steps that we are taking to remind people of their responsibilities.

VISITORS' PASSES

Mr. HOYER. The visitor's pass is obviously different than the other four passes, the category of passes. What does the visitor's pass do for you?

Ms. THOMASSON. A visitor's pass would allow you to come into the complex for a specific appointment. For example, if I had an appointment with someone from a software company, I would provide their Social Security number, their birth date and their name as it appears on their picture I.D. to the Secret Service. They would then run a brief check with the NCIC computer and the WAVES computer to determine if they were any threat to the President before they were allowed to the complex.

Mr. HOYER. And nobody with a visitor's pass would have access to classified material?

Ms. THOMASSON. Absolutely not, Mr. Chairman.

Mr. HOYER. My time is up. Let me just say in closing, on the pass issue, this needs to be addressed. The concerns raised I know are very sincerely felt on this side of the table, and I am absolutely confident equally strongly felt on that side of the table.

We don't want this committee, the Congress, or the American public to have any concerns about access to classified documents by those who have not been cleared to see those documents. We know, as has been pointed out, even individuals who are cleared for the highest security have violated their trust, but in the first instance at least we need to make sure that we at least have the initial hurdle crossed.

Ms. THOMASSON. We appreciate your comments and the administration totally agrees with that. Even when somebody has received their White House pass and their clearance, the only way that one sees any classified documents at the White House is on a need-to-know basis. Example, I have no need to know what is going on in the National Security Council. I am never privy to the information there which quite frankly, Mr. Chairman, I am glad that I am not.

Mr. HOYER. Mr. Lightfoot,—excuse me.

Mr. Olver.

Mr. LIGHTFOOT. Mr. Olver is here, yes.

Mr. HOYER. Mr. Olver. I am sorry.

STAFFING LEVELS

Mr. OLVER. Thank you, Mr. Chairman.

I will be brief because I have further duties. I have floated in and out of here. It is good to see you again, Ms. Thomasson. I hope things are going well for you.

Ms. THOMASSON. Thank you, sir.

Mr. OLVER. In your testimony, you have said that the President's goal is to create a government whose hallmark is quality and whose foundation is a smaller, more capable and resourceful staff. Essentially paraphrasing, accomplishing more with less.

Now, I want to address a little bit the staffing here. The reduction of staffing in the Office of the President—by 25 percent leaving us with a 1,044 complement, is that to be the staffing level for fiscal 1995, 1996, 1997? What was the goal for the President during his term?

Ms. THOMASSON. Mr. Olver, let me say that in fiscal year 1995 the budget request includes 40 for the Office of National Drug Control Policy. Last year the administration worked with the Congress and together we determined that the number should be 40 instead of 25. So there is an increase in the 1,044 by those 15 in fiscal year 1995. Additionally, the Congress worked with the White House on the Council on Environmental Quality, and I think there is agreement again between the Congress and the White House that there needs to be 10 people within CEQ. So again, the 1,044 would go up by that number.

Additionally, the Office of Administration, which went from 234 to 189 in the 25 percent staff cut, has to take on a new initiative in 1995 that we had not anticipated having to do, and that is the electronic records management system that is dictated by the Armstrong case. We anticipate that it will take three employees on a permanent full-time basis to manage the electronic records management system.

Those are the differences between the 1994 budget and the fiscal year 1995 budget. I am reticent, Mr. Olver, to say that we would be at that level in 1996, 1997 and 1998 and so on because I don't know what initiatives we might be saddled with in the future nor what other special projects might come our way that we haven't anticipated.

Mr. OLVER. Then the 1,044 is the current fiscal year, fiscal 1994 staffing level and what will it be in the 1995 budget by your request?

Ms. THOMASSON. It will be 1,072 in 1995.

Mr. OLVER. 1,072 in the fiscal 1995 total request, and would it be correct to say then that needs, circumstances, and such will dictate what may be requested for 1996 and beyond? So it is not an attempt to hold that at a freeze for any particular time?

Ms. THOMASSON. That is exactly right, Mr. Olver, because we never know which initiatives may come our way in terms of dictates from court orders or from suggestions in the way of legislation from Congress.

PRESIDENTIAL APPOINTMENTS

Mr. OLVER. Is it within the—within this group and the office of the President that all the filling of positions, boards and commissions and those sort of things, for the many boards and commissions that are under the jurisdiction of the President comes?

Ms. THOMASSON. Yes, sir. Within the White House office there is a division or a department called Presidential Personnel, and Presidential Personnel is responsible for vetting all those people that are appointed to boards and commissions by the President.

Mr. OLVER. Is it also within this budget and the responsibilities of this thousand plus people that all of the recruitment for Cabinet members and assistants and assistant secretaries, deputy secretaries and that kind of level of people goes?

Ms. THOMASSON. That is correct, Mr. Olver.

Mr. OLVER. And the screening and all the paperwork?

Ms. THOMASSON. All the background checks, all the vetting——

Mr. OLVER. At this stage, could you give me some sense of what percentage of boards and commissions are now filled? We are a little bit more than a year into the administration.

Ms. THOMASSON. Yes, sir, I can. We are about—excuse me one minute. That is not a number that I have memorized.

Mr. OLVER. I was going to then ask, do we have a significant number of people who are at the level of assistant secretaries—there are so many different levels—but at the level of deputy secretaries and assistant secretaries in any of the Cabinet level positions that are still open?

Ms. THOMASSON. There are. In terms of Senate approved positions, Mr. Chairman—I mean, Mr. Olver, there are.

Mr. OLVER. For promotion?

Ms. THOMASSON. We have, in fact, filled about 85 percent of all the full-time positions. These full-time appointments consist of those that are confirmed by the Senate, and those not requiring Senate confirmation.

With regard to part-time appointments, again those requiring and those not requiring Senate confirmation, we have filled 40 percent of those and there are 60 percent remaining in that category.

Mr. OLVER. Okay. So that is a wonderful help because the number of confirmations by the Senate is 85 percent now——

Ms. THOMASSON. Have now been approved, yes, sir.

Mr. OLVER. And only 40 percent of the boards and commissions?

Ms. THOMASSON. Correct.

Mr. OLVER. That are available as appointments by the President have been filled at this point.

Ms. THOMASSON. But we did make our priority the full-time positions in the government, sir.

Mr. OLVER. Is my time up?

Mr. HOYER. We are doing five minutes. We will hopefully get through it more quickly that way.

Mr. OLVER. Then let me just ask this question. Bringing down the staffing by 25 percent to the 1,044, has that seriously affected—or has it made it easier to do the job of the recruitment that goes on, to have fewer people crossing the path so to speak in——

Ms. THOMASSON. Mr. Olver, you all were kind enough last year to provide supplemental appropriations for the White House Office, and Presidential Personnel was the beneficiary to a large degree of that supplemental funding. As a result of that funding, we provided an additional 50 FTEs in fiscal year 1993 from the White House, to Presidential Personnel, and that helped get a lot of things behind us.

We are now working diligently with Presidential Personnel and have just recently brought in a new Director of Presidential Per-

sonnel to assist us in that matter. I think we will begin to move forward more quickly on filling the remainder of these positions.

Mr. OLVER. I guess, Mr. Chairman, just to finish up so that you can go on with this, what I was trying to find out was whether it was, in fact, wise to have cut that personnel by 25 percent that early when one has to staff up in all those ways, and you may want to answer that later rather than now.

I may have another opportunity to pursue that question in just a little bit.

Mr. HOYER. Thank you.

Mr. Lightfoot.

SECURITY ISSUES

Mr. LIGHTFOOT. Thank you, Mr. Chairman.

The security issue, Mr. Wolf is our resident Republican expert and the Chairman is handling that. One question did pop to mind when you were talking about it a minute ago.

There have been a lot of media reports about your involvement when you were in Mr. Foster's office and so on. Did you have your permanent pass or your security clearance at that time?

Ms. THOMASSON. I received my permanent pass on March the 5th, Mr. Lightfoot, of this year.

DUPLICATE PAYMENTS TO TRANSITION STAFF

Mr. LIGHTFOOT. The Chairman earlier was talking about some of the things in the GAO report. I would like to go back to that for just a minute.

There was a discovery made of some overlapping payments to some of the White House staffers during the transition account. We have talked about that before. Have all those payments been refunded by now?

Ms. THOMASSON. Mr. Lightfoot, as you know, the General Services Administration is the agency responsible for collecting those amounts from those specific employees. There are two employees who have not completed their payments. They have made agreements that are satisfactory, we are told, by the General Services Administration that are satisfactory to them.

There remains $502 and 40——

Mr. HOYER. And change?

Ms. THOMASSON. And change, remaining to be paid. GSA has told us that they anticipate those payments will be made before the end of March.

Mr. LIGHTFOOT. I wouldn't want to violate the privacy of those individuals, but could you maybe give us for the record a list, just using a number to count, don't use their names, and why it hasn't been done yet, just a brief explanation?

Ms. THOMASSON. I would be glad to provide that for the record, Mr. Lightfoot.

Mr. LIGHTFOOT. Thank you.

[The information follows:]

REPAYMENTS TO GSA TRANSITION APPROPRIATION

A total of approximately $16,470 was overpaid in overlapping compensation to EOP employees. As of April 15, 1994, GSA had received payment for the entire

amount. The two individuals who had not paid at the time of the hearing had made payment arrangements that were satisfactory to the General Services Administration, and they completed those payments since the hearing.

RETROACTIVE PERSONNEL ACTIONS

Mr. LIGHTFOOT. One of the other things that came out of the GAO study, the process of approving pay increases and appointments on a retroactive basis. One pay period, that is totally understandable. That is the mechanics of doing business, but have you stopped doing that? In the report, you know, we had several instances of going well beyond one pay period.

Ms. THOMASSON. The Chairman asked me that same question a few minutes ago and certainly, Mr. Lightfoot, since October 1, there have been none of those things.

In fact the rule is now, if one is eligible for an increase in salary, determination is made before a pay period begins, so you are only eligible for the pay increase at the beginning of the next pay period.

With regard to employees being appointed, they may be appointed any day during a pay period, depending upon what the needs of a particular department are, but they are not appointed until their initial paperwork is done.

Mr. LIGHTFOOT. October 1 is the last date that any of those took place?

Ms. THOMASSON. I just use that as a specific date. Probably it was several days before that in September, but I know since October 1 there have been none of those kinds of activities.

Mr. LIGHTFOOT. If you could look that date up and give it to us, we would appreciate it.

[The information follows.]

RETROACTIVE PERSONNEL ACTIONS

There have been no retroactive personnel actions in the White House Office since October 1,1993.

Ms. THOMASSON. We were up here last fall in September, and I don't really recall the specific date, but it was pretty late in September, and I think we were, at that point in time, trying——

Mr. LIGHTFOOT. I think you came up to celebrate my birthday or something as I recall.

Ms. THOMASSON. I missed the cake.

SPECIAL PAYMENTS

Mr. LIGHTFOOT. Got to find somebody outside to pay for it. Did the administration approve the payment of relocation expenses or recruitment bonuses for any of the EOP appointees?

Ms. THOMASSON. Within the agencies that I testified for today that are in the 1,044, Mr. Lightfoot, there weren't any relocation expenses approved for anyone or any bonuses paid for any one.

EOP TELEPHONE SYSTEM

Mr. LIGHTFOOT. Switching subjects. The Telephone system. According to Northern Telecom, who manufactured the old White House switch, the White House switch had the capacity for handling up to 200,000 calls per hour. Yet, explaining the need for new

equipment, you stated in an April 15, 1993 letter to the Director of the Authorization and Management Reviews Division of GSA, this system, quote, "Reached a saturation point in February of this year with over 65,000 incoming calls daily on a system designed to accommodate only one-tenth that volume."

And then there is this little item that we ran across, a transcript of a White House daily press briefing on the second day of March with a question from one of the reporters to Ms. Myers, "Dee Dee, has anyone involved in the Reinventing Government project attempted to call the White House main switchboard number? And if so, have they gotten an answer?"

Another reporter said, we used to get like a real human being answering the phone. Ms. Myers responded, "As opposed to the automated system?" Reporter: "As opposed to Reinventing Government where the phone will ring and ring and ring 25 to 30 times before anybody picks up on it."

Ms. Myers, "Is that right? I am unaware of that, but I will get on it right away and ask them to reinvent their phone system." Reporter, "I wouldn't call them. I would just go over there." There was laughter.

Second reporter, "Let's get those wonderful operators back who did such a brilliant job." Ms. Myers, "I will take that question though and find out what the situation is. I think we have had enough," and then another reporter broke in, "It is really true you cannot get through for love or money."

What have you done to address that situation?

Ms. THOMASSON. Mr. Lightfoot——

Mr. LIGHTFOOT. Because I know you want the reporters to get through to you.

ADVANTAGES OF NEW PHONE SYSTEM

Ms. THOMASSON. Mr. Lightfoot, I think during the hearing last year you encouraged us to look for new technology and the telephone system is exactly one of the places we have looked and have replaced the system that was there when we came with a new system that works 100 percent better.

The problem last year with the Northern Telecom switch was not that the switch was incapable of taking calls. It is the system that we are talking about. We are talking about a total telephone system.

The switch itself could take 100,000 calls or 200,000 calls, a lot of calls. The problem within the system was that once the calls came through the switch to get to the operator, the operators could only take 20 calls at any given time on the old cord board.

Mr. Istook was down and visited with us at the White House, and he had the opportunity to see the old cord board, as well as the new digital consoles the operators work from today. With the old switch, as all those calls came through for 456–1414, the White House number, the operators who worked the cord board could only answer 20 calls.

So past that 20 that hit the cord board, the rest of the people either got busy signals or extensive ringing like the reporters are talking about.

As I discussed last year, that is what happened, if you called from Arkansas, you would just get constant ringing or a busy signal after 8:30 in the morning. So the new system that was used to replace the old system has the ability to take, with the new digital consoles the operators work with, 99 calls at a given time.

They have the ability to move more quickly through the phone calls with the digital console. The operators are the same operators that have worked in previous administrations; they are the same ones that we have today.

They do a very, very fine job for the White House and we are awfully proud of them. I would have to admit, Mr. Lightfoot, they were a little dubious of changing systems that they knew and used well because their first priority is to the White House, and they just didn't know whether they could do that.

Quite frankly, they are ecstatic about the new system and find that it works better for them and more rapidly for them.

Mr. LIGHTFOOT. I think the gavel is about to fall.

Mr. HOYER. To that extent, the White House operators were exactly like Members of Congress when we changed our phones.

It took me at least two years to feel comfortable putting somebody on hold and transferring a call. I am still not sure I have mastered it, Mr. Visclosky.

COST SAVINGS UNDER NEW PHONE SYSTEM

Mr. VISCLOSKY. I don't do that. If I could just ask one or two follow-up questions on phones.

What are the advantages to the new system? We have talked about the convenience of the system, the access to the public and people getting to the White House. Is there a monetary benefit as well?

Ms. THOMASSON. Absolutely, Mr. Visclosky. The contract that we currently are operating under represents a total of approximately $2 million in savings over the 10-year life of the contract. So we are proud to have a savings for the American people.

Mr. VISCLOSKY. Could I ask, at the initiation of the contract, if I would understand, the previous administration had a contract for $27 million. There were three bids submitted for the new system to the White House. That was competitively bid and the contract was let for $25 million.

Was that a replacement contract, if I could, that superseded the original contract in 1992?

Ms. THOMASSON. Absolutely, Mr. Visclosky. The contract signed in July of 1993 for the new system is a replacement contract for the old $27 million contract, sir.

Mr. VISCLOSKY. Is that where you have devised the $2 million worth of savings?

Ms. THOMASSON. Yes, sir.

Mr. VISCLOSKY. So that would be on the procurement side. That would not necessarily be on the operational side.

Ms. THOMASSON. That is correct, Mr. Visclosky, because we already know from C&P, now Bell Atlantic, that there is going to be an increase for line charges for fiscal year 1995.

So our budget request will show an increase for costs of communication because of that line charge. The phone system itself is a savings, a significant savings throughout the EOP.

Mr. VISCLOSKY. So we shouldn't prorate the $2 million over 10 years and expect to see——

Ms. THOMASSON. Mr. Visclosky, I wish we could do that. It won't show up that way.

Mr. VISCLOSKY. But I appreciate the efficiencies that have been provided to the White House itself to do the work of the facility as well as, again, to give people outside the building answers. For the record, if you could also break down the cost figures given to us for communications, utilities and rents—I guess it was communications and utilities.

If you could break those down so we could see those more totally, that would be appreciated.

Ms. THOMASSON. We will be glad to do that for the record, Mr. Visclosky.

[The information follows:]

RENTS, COMMUNICATIONS AND UTILITIES

The requested increase for rent, communications and utilities is composed of the following items: (1) an estimate for inflation of 2.5 percent, or $94,000; (2) current services level increases totaling $277,000 were included for increases in communications costs consisting of $80,000 in anticipation of increased postage rates and telephone line charges announced for FY 1995 as well as an additional $197,000 to provide for increased satellite hook-up charges to afford the President greater opportunity to communicate more directly with the American public; and (3) a reduction of −$74,000 in compliance with the President's directive on reducing the cost of administrative services.

Mr. VISCLOSKY. Thank you, Mr. Chairman.

GSA RENT ADJUSTMENTS

Mr. HOYER. I might say, I wanted to make the observation, of course the committee knows, on the rent reduction, there has been approximately $205 million in rent reductions largely reflecting the reassessment of GSA of lease costs in the Washington, D.C. area. So it is across the board.

Mr. Wolf.

WHITE HOUSE PASSES

Mr. WOLF. Thank you, Mr. Chairman.

Ms. Thomasson, I am going to ask for an investigation of the GAO to look into the whole question of the passes.

Part of my concern too, when I was in the Soviet Union in 1989, I was in the last gulag in the Soviet Union. Some of the men there told me that they worked for our government and it now has come out that they had been sentenced to the gulag because of Aldrich Ames giving information to the Russian government and those men had a very torturous time. They spent a lot of time in what they call a sheizo, which is a very, very brutal place.

Has the Secret Service been asked to issue any passes in any individual cases even though they have not been permitted to review the FBI background investigative file, and have there been occasions when only a partial file has been forwarded to the Secret Service rather than a full file?

Ms. THOMASSON. Mr. Wolf, it is my understanding that the Secret Service has never been asked by this administration to issue a pass when they objected to doing that.

Mr. WOLF. So there have been absolutely no cases whereby the Secret Service has recommended against a pass and the pass has then been granted?

Ms. THOMASSON. During this administration, Mr. Wolf, there have been no cases where the Secret Service recommended someone not have a pass and we have not responded as they asked us to, sir.

Mr. WOLF. What about, does the counsel's office have the ability to override the Secret Service?

Ms. THOMASSON. Mr. Wolf, I don't know the answer to that. I will be glad to get that for the record, but to my knowledge, they have not——

Mr. WOLF. If somebody had come up and Mr. Nussbaum has said they should get the pass, would Mr. Nussbaum's word carry over the Secret Service's word?

Ms. THOMASSON. I don't know the answer to that, Mr. Wolf. I only know the Secret Service's perspective is they have not been asked to issue a pass if they have suggested that one not be issued.

Mr. WOLF. Can you follow up for the record?

Ms. THOMASSON. Yes, sir.

[The information follows:]

SECRET SERVICE DECISIONS ON PASS ISSUANCE

During this Administration, White House Counsel's Office has never overriden the decision of the Secret Service not to issue a pass.

NON-GOVERNMENT SERVICE PASSES

Mr. WOLF. How many non-Federal employees currently hold White House passes? This is in the category where we are talking about Carville, Begala and those.

Ms. THOMASSON. Specifically, Mr. Wolf, let me talk about those people who were addressed in that article yesterday, Begala——

Mr. WOLF. Let me just, if I can, and pardon me for interrupting. The reason I raised that and I am glad you brought up the article, it is really the accountability question, and in it, it talks about Mr. Carville, and he may be a fine person, so this is not meant to be criticism, but he talks about, he has made an estimated 70 paid speeches since Clinton took office and is paid up to $20,000 for some appearances, according to a lecture circuit source.

Carville declined to discuss his fees, but left no doubt that his work is lucrative. Among those he has addressed is the Interstate Truckloading Carriers, Conference of the American Hospital Association, The National Association of Home Builders and on and on.

So it does provide an opportunity for some concern in the minds of the American people, but can you tell me how many passes are left that are outstanding?

Ms. THOMASSON. Today, Mr. Wolf, I can't tell you specifically how many of those passes are outstanding. I can discuss the four that are listed in that article, Begala and Grunwald, Carville and Greenburg. They have all had non-government service passes, temporary non-government service passes. There is a policy in effect

that has just been put into place, Mr. Wolf, that will require those four people to go through a full field background check. Their paperwork will be submitted by Friday of this week in order to start that full field background check. That is a new procedure within the Office of White House Personnel Security. That has never taken place in previous administrations, although political pollsters and advisors have always come into the White House complex.

Mr. WOLF. But they have come in without the passes. I think we haven't made this distinction.

Ms. THOMASSON. It is my understanding that in the previous administration, they had a White House pass.

Mr. WOLF. Lee Atwater had a White House pass and in the closing days of the campaign, I believe Mr. Teeter may have gotten one. No one else had.

Ms. THOMASSON. Well, notwithstanding that, all of our people are going to go through full field background checks, and then if it is appropriate, they would be issued a permanent NGS pass, non-government service pass.

Mr. WOLF. I think you have to be careful though. I don't see why it hurts you to just let them come down. Like when you want to deal with your contractor, let them just come into the White House and they will know them and get them in, but somehow the American people have to stand outside waiting and they get right in.

The other question is, how long do they have to work at the White House before they become a special government employee? What is the government days?

Ms. THOMASSON. I can't make that distinction today, Mr. Wolf. I do not know the——

Mr. WOLF. That is a very important distinction though with regard to what is filed and what is not filed.

Ms. THOMASSON. They will be required to file all the necessary paperwork as if they were an employee of the White House, go through a full field background investigation, and favorably adjudicated background investigations will result in their being issued a permanent NGS pass, non-government service pass. However, at no time, Mr. Wolf, will they have a security clearance to look at secret documents or top secret documents because even though they have gone through the full field background investigation, they don't have a "need to know" any of that information.

Mr. WOLF. Do they have offices down there?

Ms. THOMASSON. No, sir.

Mr. WOLF. Do they get telephone calls down there?

Ms. THOMASSON. I have no idea whether they get phone calls or not, sir.

Mr. WOLF. Is their operation part of the War Room?

Ms. THOMASSON. No, sir, they don't have offices in the White House.

Mr. WOLF. Do they operate out of the War Room?

Ms. THOMASSON. I don't know, Mr. Wolf.

Mr. WOLF. Where do they operate out of when they go there? Because the article talks about Mr. Carville goes there. Where does he operate out of?

Ms. THOMASSON. Mr. Wolf, Mr. Carville doesn't come to see me, and I don't know who he does go to see. I don't have that information available to me, sir.

Mr. WOLF. For the record, could you tell us where he and they sit when they go down there?

Ms. THOMASSON. I will be glad to take that question for the record, Mr. Wolf, and discuss that to determine whether or not we would be able to provide you with that information.

Whoever has appointments with the President and how long they spend with the President is generally not released to the public, and that is the process—that is why they are coming into the White House.

Mr. WOLF. I understand. I agree. I am really not interested in the time he goes just to talk to the President. I am interested, is he a special government employee? Where does he go? How do you trigger the special government employees——

Ms. THOMASSON. We will be glad to furnish the triggering mechanism for special governmental employees for the record, Mr. Wolf.

Mr. WOLF. Okay.

[The information follows:]

SPECIAL GOVERNMENT EMPLOYEES

Mr. Carville is not a special government employee. He is a political adviser to the President and his staff. Not every person who provides advice to the President and his staff is considered to be a federal employee.

The conflict of interest statutes define a special government employee as "an officer or employee of the executive or legislative branch of the United States. . . who is retained, designated, appointed, or employed to perform, with or without compensation, for not to exceed one hundred and thirty days during any period of three hundred and sixty-five consecutive days, temporary duties either on a full-time or intermittent basis. . . ." 18 U.S.C. § 202(a).

The term "employee" itself is not defined by the conflict of interest statutes (or elsewhere in title 18). For this reason, the definition of employee found in title 5 of the United States Code is frequently the starting point for analyzing whether the conflict of interest laws apply to a particular person. Title 5 offers three criteria by which employment status is judged: (1) appointment to federal office; (2) performance of a federal function under authority of law; and (3) supervision by a federal officer or employee. See 5 U.S.C. §§ 2104, 2105.

Mr. WOLF. I will just get the second round, Mr. Chairman.

Mr. HOYER. Mr. Darden.

AMY CARTER'S NANNY

Mr. DARDEN. Thank you, Mr. Chairman.

I won't have any questions, but I did want to point something out to Mr. Wolf and the Chairman and the witnesses present.

We had an interesting situation when President Carter was elected and of course at that time his daughter, Amy, was quite young, and the person who had helped Ms. Carter, looked after her when she was in the governor's mansion was a parolee. This young woman, had been convicted of murder. She had looked after Amy Carter and assisted Mrs. Carter with Amy for years. The Secret Service raised an objection to having someone who was a convicted murderer go into the White House and be with the President and members of the official family. I think the final result was that the President overrode those concerns in the end. You might recall that.

Mr. WOLF. No, I don't recall that.

Mr. DARDEN. I guess that was, oh, 16 years ago, but in this case, notwithstanding the fact that the person had been a convicted murder they looked beyond the circumstances and the President decided that all things considered, she had been safe for six years with us, so he didn't see a problem.

Mr. HOYER. We appreciate you bringing it up.

Mr. DARDEN. I try to provide a little historical background.

Mr. LIGHTFOOT. Like a new syndicated radio show, you know, Moments with Buddy.

Mr. HOYER. Looks like we got something going here.

Mr. Istook.

Mr. ISTOOK. Thank you.

I enjoyed that story. I had totally forgotten about that occasion, but you refreshed my recollection on that. That was a very interesting circumstance.

Mr. HOYER. Buddy had told me he did it specifically for your sake.

Mr. ISTOOK. My amazement and your amusement or however that line goes, yes.

Mr. HOYER. Mr. Istook.

STANDARDS FOR PHONE SYSTEM

Mr. ISTOOK. Thank you.

Let me ask, regarding the phone system, some questions on it. Do you have a standard that you strive to meet? When someone calls the White House switchboard, within how many rings should that line be answered?

Ms. THOMASSON. Mr. Istook, let me just say that the new telephone system provides us with an interesting management tool that we have never had in the past.

It is capable of counting the calls that were received every hour, so now we have almost three months worth of historical data. We are reviewing staffing levels in the operators' area based on the number of calls we receive per hour. We have never had that kind of management information before to be able to deal with that.

It is impossible for us to set a standard to say that no call should ring more than three or four times before an operator answers it because the operators answer every call as soon as it comes to them. The new system manages the calls and as they come through the switch, the operator who has been idle the longest is automatically directed the next call, but the system manages that and directs it by computer program to a particular operator.

But at any given time, and I was down there the other day at around noon and they had calls coming in from Turkey. Apparently they were caught up in some kind of computer program that was just dialing numbers randomly.

Mr. ISTOOK. Ms. Thomasson, since we have limited time, my question was simply whether or not you have a standard, and I believe your answer was you don't have one.

Ms. THOMASSON. We don't have a standard because the system is not capable of telling us how many times a phone rings before it is answered.

Mr. ISTOOK. I would suggest that you might check. If your belief is that the phone is being answered within three to four rings, that may not be the experience of most people who are trying to call in.

Ms. THOMASSON. It is impossible to tell you how many times the phone rings before it is answered, Mr. Istook. The system does not allow that to happen.

Mr. ISTOOK. Yes. I am saying, you might try calling in some time and count it as a caller and see if it is anywhere near three to four rings.

Ms. THOMASSON. Sometimes, Mr. Istook, it is as many as 25 rings. I do call in regularly.

Mr. ISTOOK. Okay. You get the picture, and I think you understand the reporter's comments a little bit better from that perspective.

Mr. HOYER. If the gentleman would yield——

Mr. ISTOOK. Sure.

Mr. HOYER. I would suggest to him that he ought to have an office that is a local call, like Mr. Wolf and I. You get quite a few.

Mr. ISTOOK. Sure, and we get plenty in our Oklahoma City office, certainly. That is something that we all had to deal with and constituents expect something better of each of us and of the White House than having 25 rings.

Ms. THOMASSON. We could in fact, of course, Mr. Istook, set the system not to let more calls come through so that people just never got through. We have determined it is better to let people get through and to have a ring as opposed to continually getting the busy signal. The system processes those calls and directs them to an operator as soon as they are available so each call gets answered as quickly as humanly possible.

Mr. ISTOOK. I think that relates with the fact that even though you certainly proclaim that you are doing things with fewer employees, yet your budget is higher. Your budget went up despite a decrease in employees, and now you are asking for your budget to go up again, and even beyond that, in many cases, of other Federal employees. So I think these are all interrelated issues.

SECURITY ISSUES

But let me get back to some of the security issues. Of course as you mentioned, you got your pass this March—this month. Before that time, had any security clearance been granted to you or was it in connection with the pass that the security clearance came?

Ms. THOMASSON. Security clearances—the answer to the question is, Mr. Istook, I did not have a security clearance before I got my pass and I did not have a need to know anything that was classified prior to receiving my pass.

WEST WING ACCESS

Mr. ISTOOK. Prior to having the pass, did you have access to the West Wing?

Ms. THOMASSON. Yes, Mr. Istook, I did have access to the West Wing.

Mr. ISTOOK. That would include after hours access on occasions?

Ms. THOMASSON. It would include access to the White House any time I needed to be there, Mr. Istook.

Mr. ISTOOK. All right. Now, are there safes in the offices within the West Wing?

Ms. THOMASSON. The Executive Office of the President does have safes in its operations, yes.

Mr. ISTOOK. And those would include some of the West Wing offices?

Ms. THOMASSON. Mr. Istook, I think the direction of this question is toward the Vince Foster episode, and I would decline, Mr. Chairman, to answer any questions with regard to that.

One, because of the special counsel's investigation. Two, because of the Senate investigation, and three, because of the House investigation that was announced last night, and I would be, I think, speaking out of school to address any of that subject matter before I have the opportunity to tell my story. Quite frankly, Mr. Istook, I would like nothing better than to tell you what I did that night in that office. There is nothing more in the world that I wouldn't like to do. I think to be fair to all these investigations, it is more appropriate for me to tell them before I tell this committee. After all those committees have had their time, then I will be glad to come back, Mr. Chairman.

Mr. ISTOOK. Let me ask this because I have not said anything about——

Mr. HOYER. If the gentleman would yield one second, the Chair appreciates the position that you have stated, Ms. Thomasson. The Chair is very sensitive to the investigation. The Chair believes, as the Members of this committee know, the special prosecutor's request is an appropriate request. I may differ with some of my own colleagues on that issue. However, because I am sensitive, I will certainly try to give some direction to our committee Members. However, general questions dealing with whether there are safes in the White House, from my own perspective, is appropriate.

My feeling is, as long as questions are in general and unrelated to specific actions to which you refer, it would be appropriate. That doesn't mean I could compel you, nor do I have any intention of compelling you to answer, but I want to give you some degree of confidence that we won't go into specifics regarding the investigation.

The Chair is cognizant of what the Chair believes is relevant and not relevant and how far we can go and should go. At the same time I want to give my committee Members the opportunity to determine general facts, and I think Mr. Istook is asking general facts.

Mr. ISTOOK. Yes, sir.

Mr. HOYER. If he is not, then I am going to rule the question, as I am sure the gentleman anticipated, out of order at this time.

It is on the budget, on the White House and on the issue, but you ultimately, Ms. Thomasson, will have to be the final arbiter of whether or not you answer, but I wanted to make the Chair's position clear on what I am doing.

SAFES IN THE WEST WING

Mr. ISTOOK. I appreciate the comment of the Chairman, and as I believe he made clear, my question was a general question regarding the presence of safes in West Wing offices.

Ms. THOMASSON. There are safes in the West Wing offices, Mr. Istook.

Mr. ISTOOK. In your position in charge of the White House administration and prior to receiving your pass and security clearance this month, did you have the combinations or access to the combinations of those safes?

Ms. THOMASSON. I have access to no combinations of any safes within the Executive Office of the President, Mr. Istook.

Mr. ISTOOK. So your answer is that neither now nor at any earlier time did you have the access to combinations of those safes.

Ms. THOMASSON. That is absolutely correct.

SECURITY OFFICER RESPONSIBILITIES

Mr. ISTOOK. All right. Who does have that information?

Ms. THOMASSON. The security officer for the Office of Administration has total responsibility for that, Mr. Istook.

Mr. ISTOOK. And who is that security officer?

Ms. THOMASSON. Chuck Easley.

Mr. ISTOOK. Chuck Easley?

Ms. THOMASSON. Correct.

Mr. ISTOOK. To whom does he report?

Ms. THOMASSON. He reports directly to the Director of the Personnel Management Division, Mr. Istook.

Mr. ISTOOK. You said he is the Security Director of the Office of Administration, which is your office. Is he therefore a member of your staff who also reports to you?

Ms. THOMASSON. He is a member of my staff. He reports to me through the Director of the Personnel Management Division, through Mr. Cressman and then to me.

Mr. ISTOOK. So although he is a member of your staff, your testimony is that you do not, through him, have access to those combinations?

Ms. THOMASSON. Mr. Istook, neither before I had my permanent pass nor since I have had my permanent pass, did I have a need to know the combinations to any safes within the White House, unless by chance I might sometime have one in my own office.

I don't have one today, but I have not a need to know that, and I don't have any access to that information.

Mr. ISTOOK. I am trying to distinguish, because first you said you have no access, and secondly you said you don't have the information because you don't have a need to know.

Certainly you have the ability in your position to make a determination whether you have the need to know, and if I understand your testimony, it sounds like it is hanging on a nuance that you indeed have access, but since you claim you don't have a need to know and therefore may not have exercised the prerogative, you are saying you don't have the access.

Can you clarify which it is?

Ms. THOMASSON. I don't have any access to the information. I don't have a need to have access to the information. I don't have a need to know that information, and I have not made any requests for any kind of information of that nature, Mr. Istook.

Mr. ISTOOK. All right. I think the ambiguity is clear.

Mr. HOYER. On the question or the answer?

Mr. ISTOOK. I am certainly always willing to clear up ambiguity here because when someone that is under your direction has information, you are considered to have access to that information.

If there is some reason why an employee on Ms. Thomasson's staff would not have provided her with that information, I am sure she can or would clarify that.

Mr. HOYER. I appreciate the gentleman's remarks. Very frankly, the Chair was not confused by the answer. The Chair took the answer to be that she didn't have the knowledge of the combinations and she didn't have access to the safes. That is the way I understood the answer. To me it was not ambiguous.

Mr. Olver.

WHITE HOUSE TELEPHONE OPERATORS

Mr. OLVER. Thank you, Mr. Chairman.

How many telephone operators are there? Since we have spent such a lot of time on these telephone operators, how many of them are there?

Ms. THOMASSON. There are 16, Mr. Olver, 16 in the previous administration and 16 today, sir.

Mr. OLVER. Sixteen, okay.

Ms. THOMASSON. They work three shifts a day, seven days a week, 365 days a year.

PRESIDENTIAL APPOINTMENTS

Mr. OLVER. Let me go back in my short period of time here to my original line of questioning, and you had indicated that there are about 15 percent of the personnel requiring Senate confirmation not filled at the moment. Some may have been filled and are hoping to be soon again and something like 60 percent of boards and commissions are now filled.

Do you have any idea how that compares with what might be the case 14 months into other administrations?

Ms. THOMASSON. That is one of the interesting things about working at the White House, Mr. Olver, is that when there is a change of administration, there is no historical data left. There is no data that one can use to make that kind of comparison with.

Mr. OLVER. So it is all anecdotal. It is all whatever somebody remembers. It is all subject to the recollections of sometimes quite faulty recollections of those of us in the Congress or members of the press or whatever place that this is less or greater or whatever.

Ms. THOMASSON. Exactly right.

EFFECT OF PERSONNEL REDUCTION ON PRESIDENTIAL APPOINTMENTS

Mr. OLVER. I was trying to pursue the question of whether or not the self-set requirement to reduce the staff by 25 percent had significantly increased the time in which you were—in which these kinds of decisions would be made.

I don't know how many of the 1,000 people that are in the division that makes the decisions on filling positions, whether of a Senate confirmation sort or those which do not require, the boards and commission type, but do you have a sense of whether that process

has been slowed down, would have been faster if you hadn't made those reductions?

Ms. THOMASSON. I think, Mr. Olver, to be perfectly candid with you with regard to what has slowed the process down, is that the administration is working very carefully to make sure that every appointment they make, and in total the appointments they make, provides a diverse group of Americans, and I think working through that process may have slowed the process down.

Quite frankly, the White House Office is not a lot smaller than it was in previous administrations with regard to actual FTEs. It is smaller with regard to detailees that provided a role in the vetting process for prospective appointments to boards and commissions. The Presidential Personnel Office has plenty of staff right now, we believe, to continue to do the work appropriately.

I think that when all these are in fact finally confirmed and finally done, and maybe you will never get to 100 percent because of turnover, but I think you will see a diverse pool of Americans that are filling all these positions.

Mr. OLVER. Well, then I take it you are saying it is—substantially the effort to really reach out and broaden the pool from which appointees come to reflect the face of America in essence in that process, but that also requires persons to perform those tasks, and it must be more difficult to do it if the staffing is significantly down, unless the staffing in the area that is involved in the actual reaching out process itself is not part of that which has been decreased.

PRESIDENTIAL PERSONNEL OFFICE

Ms. THOMASSON. I think, Mr. Olver, there are a couple of things that are working here.

One, within the White House office where Presidential Personnel is located they have about 35 people that are working on Presidential Personnel appointments. Those people within the White House personnel office also have the ability to talk to people in public liaison or people in intergovernmental affairs that assist them in reaching out through America to find the best qualified people for these particular jobs. So they do have support from other areas of the White House in order to fill these jobs.

In addition to that, the Resumix system, which the committee was so kind to provide funding for last year, now has in excess of 50,000 resumes in the system from which to choose.

Mr. OLVER. It would be a lot easier if you had only 5,600.

Ms. THOMASSON. Absolutely, but there are a lot of people in America who would really like to work for this administration and they have also given those resumes. For example, Mr. Cressman is a result of a Resumix search that I did last spring. I gave the Resumix Presidential Personnel people the parameters of the specifics of the job that I wanted to fill, and Mr. Cressman's resume came out as a result of that, and so it is a system that has worked. We continue to use that, but we also reach out through the various offices within the White House to make sure that we get the right person for every job.

Mr. OLVER. Thank you.

Thank you, Mr. Chairman.

BUDGET INCREASES

Mr. HOYER. Let me review four budget questions, which is why we are here and we have been pursuing. You are projecting no increase in the personnel level for 1995, yet you are increasing by $1.9 million in personnel compensation and benefits.

Can you explain that briefly as to why that occurs?

Ms. THOMASSON. In the White House office, yes, Mr. Chairman, they are not increasing the number of personnel there. The reason for the increase in the White House budget for fiscal year 1995 is the change of mix of employees.

Last year when we were here we discussed the Office of Policy Development and the need to have more professional staff there, more policy staff, and what we projected did, in fact, work.

The Office of Policy Development has been very effective to the President this year with a high level of policy people and a lower ratio of support staff. What we would like to do within the White House office, as we move toward 1995 and toward the end of 1994, is to increase the number of policy people we have within the White House and reduce the number of support people.

LOCALITY PAY

Mr. HOYER. How was the locality pay increase handled?

Ms. THOMASSON. In the Executive Office of the President, those people who came to work, this administration, in the White House, the Office of Policy Development, the Vice President's Office and those of us in the Office of Administration who were political appointees were not given the locality pay.

Everyone who is paid on a GS schedule, those people that we consider and that you all consider career employees all received the 4.23 percent locality pay increase. That was about 75 people in the White House who have received that increase and in the Office of Administration, there were approximately 180 that received the increase.

RENTS, COMMUNICATIONS AND UTILITIES

Mr. HOYER. Now, you are projecting $297,000 increase in rents, communications and utilities, but rent goes down.

Ms. THOMASSON. Correct.

Mr. HOYER. So communications and utilities go up.

Ms. THOMASSON. Correct.

Mr. HOYER. A commensurate level. You have indicated the line charges that you have incurred from Bell and C&P are going to be increased.

Ms. THOMASSON. Exactly.

Mr. HOYER. How much of that increase is related to communications? Do you know off the top of your head?

Ms. THOMASSON. I don't know that specifically off the top of my head, Mr. Chairman, but we will provide that for the record.

Mr. HOYER. If you could provide the information on communications and utilities, that would be helpful.

Ms. THOMASSON. Okay.

Mr. HOYER. All right.
Mr. Lightfoot.

RESPONSES TO SUBCOMMITTEE QUESTIONS

Mr. LIGHTFOOT. Thank you, Mr. Chairman.

I understand this is going to be our last round and we will have a number of questions to submit for the record.

Since we are going to have markup fairly shortly, could we insist on a date certain for responses to the questions?

Mr. HOYER. I think that is viable. We will mark up probably sometime after the 5th of May. I don't know exactly how soon it will be after the 5th of May, so if you could answer our questions within a couple of weeks before that deadline, so the middle of April, that would be helpful.

Would that be a sufficient time to review them?

Mr. LIGHTFOOT. IRS date.

Mr. HOYER. I don't want to highlight that day, but——

Mr. LIGHTFOOT. It is easy to remember.

Ms. THOMASSON. How about the next Monday, instead of the 15th?

WAR ROOM

Mr. LIGHTFOOT. Thank you, Mr. Chairman, and we will have some other more technical kind of questions to give for the record.

Very quickly, back to the whole thing on the War Room. Are all those costs paid for from appropriated funds available to the White House office? How is the War Room paid for?

Ms. THOMASSON. The War Room was developed specifically for use with regard to health care, and the War Room was paid for with funds used by the Health Care Communications Group, Mr. Lightfoot. It was not White House funds.

Mr. LIGHTFOOT. Are there any other war rooms, or just one?

Ms. THOMASSON. One War Room.

Mr. LIGHTFOOT. One War Room, one war.

Ms. THOMASSON. For a good cause.

Mr. LIGHTFOOT. Do you know what the total cost was for setting up the War Room?

Ms. THOMASSON. Off the top of my head, I don't know, Mr. Lightfoot.

Mr. LIGHTFOOT. Could you give us that figure and the annual operating costs and personnel and so on?

Ms. THOMASSON. We can certainly provide you with a figure with how much it cost to set it up, Mr. Lightfoot.

[The information follows:]

HEALTH CARE "WAR ROOM"

The War Room was set up in FY 1993 at a cost of $153,941. The Office of Policy Development (OPD) is responsible for providing administrative support and services to the Health Care Communications Group, which includes the activities of the War Room. The Department of the Treasury has agreed to reimburse OPD for the costs of such support.

WHITE HOUSE CONFERENCE CENTER

Mr. LIGHTFOOT. What is the White House Conference Center on Jackson Place?

Ms. THOMASSON. In the spring of 1993 shortly after we came to the White House, we did a survey. We surveyed all the people in the White House, the department heads, both in the White House and throughout the Executive Office of the President, and said to them, "what are the problems that you see that makes your life miserable around the White House, what are the kinds of things that we could do to make things work better for you from a management, administrative standpoint?"

The two questions, the issues that came most often to mind were, one, the WAVES system, getting people in and out of the complex, because many times you would have a guest who would come to the complex who you would have thought would have gained access and who would end up waiting at the gate, sometimes in the rain, sometimes in the heat, for up to 40 minutes to try to get into the complex. That was forever a complaint of White House staff, as well as other Executive Office of the President staff. The National Security Council complained regularly about that.

The second area of complaint was that we didn't have enough meeting space, that we never could get a conference room to have a meeting. You would call and try to set up a conference room, as much as in a week in advance, you wouldn't be able to do that.

As a result of that, the first thing we did with regard to WAVES, we set up an interagency task force, people from all areas of the White House and the EOP to meet regularly with the Secret Service to get a sense of what the problems are and see if we couldn't work them out. That group continues to meet and we have worked out a lot of procedural problems there that helped.

The second thing was the meeting room space, how to work that out. We worked with the General Services Administration and discussed this need with them, and together we decided that the best thing to do was to create additional conference room space, which we did at 726 Jackson Place.

We built five conference rooms there and as of last Friday, there had been in excess of about 7,000 visitors to the White House Conference Center and there have been 187 different meetings there. The Vice President has had several meetings there, and USTR uses it regularly, even for negotiations for trade agreements. It has been a real asset to the White House.

Mr. LIGHTFOOT. Do you ever use it as a War Room?

Ms. THOMASSON. No, sir. It is being used right now for AIDS training and telephone training on a regular basis. There are three or four sessions of AIDS training which the President has requested each of us to attend, and there is telephone training that goes on there every day.

Mr. LIGHTFOOT. What did you say? 187 meetings have been there?

Ms. THOMASSON. Yes, sir, since November 1st. Over 7,000 visitors have come in the conference——

Mr. LIGHTFOOT. And this was completed in 1993?

Ms. THOMASSON. Yes, the other real advantage to the White House Conference Center is that no one has to go through the waves process when we have a meeting in that space. It is not secure. You don't have to go through that whole process of submitting a list to the WAVES center to get completely processed.

CONFERENCE CENTER FUNDING

Mr. LIGHTFOOT. Was this constructed with Federal money or a combination of Federal and private funds or——

Ms. THOMASSON. It was part of our 1993 regular budget, partly our budget and partly the General Services Administration budget.

Mr. LIGHTFOOT. Did you have any outside funds from nonprofits or anything like that?

Ms. THOMASSON. No, sir.

Mr. LIGHTFOOT. Have any non-government entities ever used the facility or paid for activities there?

Ms. THOMASSON. To my knowledge, Mr. Lightfoot, there are no non-government entities that have had access to the White House Conference Center, and I don't know of any way to make any payments with regard to the use of the White House Conference Center. It is so busy with government employees that I would be reticent to think that anybody else would ever be given permission to have a meeting there.

FISKE LETTER

Mr. LIGHTFOOT. Mr. Chairman, we have had some—and this doesn't relate to Ms. Thomasson, but to some confusion over whether people have been instructed to talk to Congress or not. Mr. Livingston received a letter from Mr. Fiske dated March 18th, saying that he is not instructing or advising any member of the administration not to testify before Congress, and I only offer that as a little clarification. We had that discussion with Secretary Bentsen the other day.

Of course that was right after this first round had come around, so apparently Mr. Fiske is trying to clear the air a little bit on his position as well. If it is appropriate, I would offer this for the record.

Mr. HOYER. I have no objection.

Mr. LIGHTFOOT. Okay.

[The information follows:]

U.S. Department of Justice

Office of the Independent Counsel

Washington, D.C. 20530

March 18, 1994

The Honorable Robert L. Livingston
Congress of the United States
House of Representatives
Room 2368
Rayburn House Office Building
Washington, D.C. 20515

Dear Congressman Livingston:

I received your letter of March 11, 1994 yesterday.

As you know, I have expressed my position to both the Senate and the House of Representatives concerning the impact of Congressional hearings and Congressional testimony on my investigation. I have also expressed our preference that an investigation by the U.S. Office of Government Ethics be deferred until after we have completed our investigation, because I believe overlapping investigations at the same time would make our job more difficult (see enclosed March 15, 1994 letter to Jane S. Ley, Deputy General Counsel, U.S. Office of Government Ethics). However, I am not instructing or advising any member of the Administration not to testify before Congress.

I hope this helps clarify the matter.

Respectfully yours,

ROBERT B. FISKE, JR.
Independent Counsel

Enclosure

Mr. LIGHTFOOT. Again, I appreciate the Chairman's guidelines on where we go with questions and so on, and I will keep some of my other questions I had that I was going to ask off the table, but I would hope that just from the level of perception, that we could have more forthcoming and quicker response to questions, and we don't sit here and make up questions to make your life miserable.

Maybe that is a perception from your side, but—you know, legitimate questions about how the functions of the White House—we have got a responsibility and the Chairman, I think, is very diligent in pursuing that, and I think we are on the same wavelength there.

We are not trying to embarrass anybody or anything of that nature, but there are certain things that we think we need to know in order to say it is okay to spend $80 million of the taxpayers' money, and whether—you know, I am not making any judgments at all, but the fact that answers many times are not forthcoming, that certainly has left some negative perceptions, and it would be to everybody's benefit if we could get our answers as quickly as possible, and if we disagree over the answers, okay, we can argue over that, but that we get the answer as quickly as we can.

Thank you.

Mr. HOYER. Let me just for the record, because I think that is appropriate and I appreciate—my friend, Mr. Lightfoot, submitting the letter, but I think we ought to reiterate, it says in response to a letter sent from Mr. Livingston to Mr. Fiske, the Independent Counsel, it says in part, and I read most of the second paragraph,

> I have also expressed our preference that an investigation by the U.S. Office of Government Ethics be deferred until after we have completed our investigation because I believe overlapping investigations at the same time would make our job more difficult. See enclosed March 15th, 1994 letter to Jane S. Ley, Deputy General Counsel, U.S. Government Office of Ethics.

Obviously the Government Ethics Office indicated in their testimony to us the receipt of that letter or the communication.

Then it goes on to say, "However, I am not instructing or advising any member of the administration not to testify before Congress," and I would think that goes without saying and, in fact, both Senator—or Secretary Bentsen and Ms. Thomasson are, in fact, testifying before Congress, so we appreciate that.

Mr. Olver.

Mr. OLVER. I have no further questions, Mr. Chairman.

Mr. HOYER. Mr. Wolf.

WHITE HOUSE PASSES

Mr. WOLF. I thank you, Mr. Chairman.

Ms. Thomasson, when did Mr. McLarty and Mr. Kennedy get a pass? Would you tell me?

Ms. THOMASSON. I don't have any knowledge of the specific dates that they received their passes.

Mr. WOLF. If would you submit that quickly, because the reason I ask it, it is important, I feel somewhat misled over the whole series of letters that have gone off, and I in good faith have been going back and forth to follow on what Mr. Lightfoot said, and I couldn't really get an answer.

And we are not in control over here. We don't have the ability to make you answer, and the only one who really got an answer was the press.

And so if Mr. McLarty, and I may be wrong, may not, if he got his pass just within the last month or two, and yet I got all those letters, the letters will come across differently, differently to me, and I just think it is important.

The other thing is, I had worked in the Nixon administration and I will tell you, the Nixon administration did a lot of bad things. It really did. At times you would just say, God, I can't believe they are doing that. What is going on over there.

I am feeling the same way here and, you know, in the Bible it says, "He who is faithful in little things will be faithful in much." This is not on alliances and health care, on taxes, on personal exemptions, on regulatory reform and restructuring government.

As Mr. Lightfoot seemed to be saying, we can have debates on those issues and whoever wins or loses will go off and make it an issue in the next campaign.

These are different. This deals with the whole issue of trust. I really want to believe that whatever letter I get from the White House, I can believe. I just want to believe that government is the way that I was taught in high school.

I just don't want to believe that after pressing and asking the second question and the third question and the fourth question, we just can't do it. Because you are inflicting—not you—this administration is inflicting this problem on yourself not on a philosophical issue on health care, but on how you are operating.

Now, so I really want to get those two dates, very, very important, because it will change how I view on this.

WHITE HOUSE TRAVEL OFFICE

The other question, switching to something that we had talked about and the committee discussed very much is the White House Travel Office. Those five Federal employees were put through a very, very difficult time. Do you have any sense of what their legal fees are at this moment?

Ms. THOMASSON. Mr. Wolf, I have no way to know that information.

Mr. WOLF. Is there anyone looking to address their legal fees? These are the five individuals who lost their jobs because the two political people went on and are still at the White House. The five career people, who, I believe are—many of them are Democrats, will—their reputation has been marred. Two have retired. Five are working somewhere else.

Do you know what the legal fees are, and can you tell us, are you still investigating these seven people?

Ms. THOMASSON. Mr. Wolf, it is my understanding, first with regard to the legal fees, that there was an appropriation made by Congress to the Department of Transportation for legal fees. I don't have any access to how much those people's legal fees are.

With regard to the investigation and whether there is still an investigation going on concerning the White House Travel Office, the General Accounting Office has not completed its investigation and it is definitely ongoing.

Mr. WOLF. I mean the Justice Department. Are you looking to prosecute these individuals?

Ms. THOMASSON. Mr. Wolf, I have no way of knowing what the Justice Department is doing. I don't call them on a regular basis. I don't call them at all, sir. I don't have any knowledge of whether there is still an investigation going on.

Mr. WOLF. Well, but for a career person, you must confess that when you look at that and then you have gone to the situation on the usher, then you have gone to the situation on the White House chef who has called our office, and we just see these, it is just a pattern of things, and I think the worst thing that this Congress—one of the worst things this Congress did and your administration supported was the repeal of the Hatch Act.

I predict it will create scandal in the future. It will politicize the Federal Government in a way that we don't want. It is done and now we have to be careful, but I see different things.

We had a witness the other day at Archives. We had three SES people who had outstanding for seven years and then all of a sudden they get unsatisfactory and people come over from the White House to work for them.

I think these are concerns, and the Federal employees, these people will be here long after you and I go, and I think there is a concern in how you treat the White House office, particularly these career people. Forget the political people. What you do with them is another matter.

On the career people who have given their lives to the government, I think it is very, very important. So if you could just get back. And I have no further questions. If you would just get back to committee and give us a status, are you investigating? Is there going to be a charge brought? It has been almost a year. It will be a year in a month, and a cloud is over these people and some will never be able to get another job. Others will be suspect for years, years to come, and somehow we should do something.

If they have done something wrong, fine. But if they haven't, there ought to be a way of sending a message to the career work force that this administration, the Clinton administration, will not politicize the Federal work force, and I think this travel office is a key thing that people are watching. And any comment you want to make, I would like to have it.

Ms. THOMASSON. First of all, Mr. Wolf, the five employees in the travel office are all working for the Federal Government at this point in time.

Mr. WOLF. But it took us a long time to get you to give them jobs.

Ms. THOMASSON. At no time during that period did they not receive a salary, Mr. Wolf.

Mr. HOYER. Let me interject, and the gentleman from Virginia knows this and we have worked very closely together. I think he cares deeply about it.

One of the problems of course was, as the gentleman recalls, it did take a long time. One of the problems was having the five happy or comfortable with the job they were getting. So that was part of the delay.

LEGAL FEES OF FORMER TRAVEL OFFICE STAFF

Mr. WOLF. That is correct. The last thing is, and you don't really have to respond, they all still have attorneys, and I just ask you to search, and I would ask everyone in the administration to search and everybody in this audience who is listening, if you had the full force of the White House and the Justice Department potentially probing you, would you drop your lawyer?

And the answer is no, and these lawyers are not cheap. They are very, very expensive, and I worry that these career people are driving up legal fees that will be far and above the money that we appropriated last year in the Department of Transportation bill. That was my bill.

Senator Dole put it in over on the Senate side and I offered it here. I am just concerned that almost a year has gone by and their legal fees are running, and someone has to say, time out. You know, maybe you made a mistake, maybe they made a mistake.

Something has to bring this thing to closure or else it is really chilling for anyone else to make a decision. If you could just get back to the committee. Give us an update on where you are on the travel office. If you can't tell us about Justice, I will respect it, but I think they have an opportunity, an obligation to do it.

Ms. THOMASSON. I can tell you today, Mr. Wolf, that there is no internal investigation at the White House of those employees of the White House Travel Office.

Mr. WOLF. But I worry about Justice.

Ms. THOMASSON. I have no knowledge of what Justice is doing and have no way to know that information about what Justice is doing.

It would be an inappropriate contact on my part, Mr. Wolf.

Mr. WOLF. Well, I just say, everything that comes around goes around, and goes around, comes around. Just think in terms of these seven individuals whose lives have fairly been if not ruined—two have perhaps been ruined, five have been severely wrecked, and I think the administration—again, not you, this is not your role—has an obligation to come in and address to bring this thing to closure to relieve them. Because every day it continues, they retain their lawyer and the legal fee goes up.

I thank you, Mr. Chairman. I have no further—I will just put questions in for the record.

Mr. HOYER. Fine.

Mr. Istook.

ACCESS TO SAFES

Mr. ISTOOK. Thank you, Mr. Chairman.

I will have some follow-up questions for the record and might advise the Chair, it will be a little difficult for me to stay within five minutes, and I would appreciate a bit of latitude if possible.

Ms. Thomasson, let me finish up what I was doing before, because I got the impression that you were, on your own behalf, wanting to make basically a categorical statement. I wanted to give you a chance to do so.

Mr. HOYER. I am sure she appreciates it.

Mr. ISTOOK. I think fairness dictates that. If I understand what you are trying to say, and I want to give you a chance to say it, are you saying that at least prior to the time that you got your pass in March of this year, that whether you had the ability to do so or not, you did not gain access to the combinations of any safe or other locked storage facilities in the West Wing?

Mr. HOYER. Mr. Istook, let me give you my comment on that.

Mr. ISTOOK. I just want to give her the opportunity.

Mr. HOYER. I understand that. She has that opportunity. I have explained that to her.

That, however, from the perception of the Chairman, is not a general question. That is a specific question unrelated to the general operations of the White House.

Ms. Thomasson obviously is going to make her own judgment on that, and I am not going to be in the business of—well, I may be, ruling in and out of order the questions. I just want to make the comment, because the Chair wants to be fair to all sides in this, about our right on this committee to have information about the operations of the White House.

On the other hand, there is, and the Chair is very sensitive to, perhaps more sensitive than other Members of my own caucus, the investigator's, not directions, but requests. There is a significant difference.

But Ms. Thomasson, you obviously can make a determination on the response to that question, but I want you to know the Chair does not believe that is a general budget-related White House operations-related question.

Ms. THOMASSON. Mr. Chairman, let me answer that question generally with regard to combinations. I have no knowledge of any combinations of any safes anywhere in the Executive Office of the President. I have no need to know any combination of any safe within the Executive Office of the President, have never had the combination to any safe in the Executive Office of the President, and don't anticipate having the combination of any safes within the Executive Office of the President.

WAR ROOM FUNDING

Mr. ISTOOK. All right. As I say, I wanted to give her the opportunity to answer that. I might have some follow-up areas, but I won't try to pursue them at this time.

I did want to follow up though with your comments regarding the War Room in the White House. Where is the War Room located?

Ms. THOMASSON. It is in Room 160 of the Old Executive Office Building, Mr. Istook.

Mr. ISTOOK. And I believe you told Mr. Lightfoot that the War Room is not being operated with White House funds; is that correct?

Ms. THOMASSON. It was not completed or furnished with White House funds, Mr. Istook.

Mr. ISTOOK. Well, I believe what you said to Mr. Lightfoot is it is not being operated with White House funds or has not been operated with White House funds.

Let me ask, what is the source of funding for the facilities, the equipment, the personnel and the operation of the War Room?

Ms. THOMASSON. The facilities of the War Room are funded by interagency agreement between the Office of Policy Development and the United States Treasury Department for the Health Care Communications Group.

Mr. ISTOOK. And is that a written agreement or some sort of informal agreement?

Ms. THOMASSON. It is a written agreement, Mr. Istook.

Mr. ISTOOK. Can we have a copy of that agreement, please?

Ms. THOMASSON. For the record, yes.

[The information follows:]

HEALTH CARE COMMUNICATIONS GROUP

The following is a copy of the memorandum of understanding between the Office of Policy Development and the Treasury Department to support the activities of the Health Care Communciations Group.

EOP Agreement Number: IA4JJTREA00

MEMORANDUM OF UNDERSTANDING

Between

THE OFFICE OF POLICY DEVELOPMENT
EXECUTIVE OFFICE OF THE PRESIDENT

and

THE DEPARTMENT OF THE TREASURY

I. BACKGROUND: The White House established an interdepartmental team responsible for coordinating efforts, including public education and outreach, on behalf of the proposed Health Security Act. This team is now referred to as the Health Care Communications Group (HCCG).

The Treasury Department (TREAS) will be actively involved in this interdepartmental effort and has a substantial stake in the success of the HCCG's work. TREAS is solely responsible for funding the administrative support of the HCCG. The Office of Policy Development (OPD), Executive Office of the President, will provide administrative services to the HCCG for TREAS.

II. AUTHORITY:

This agreement is entered into under the authority of 31 U.S.C. § 1346(b); § 601 of the Economy Act of 1932, as amended, 31 U.S.C. § 1535 and 1536; and the authorizing legislation of the two agencies.

III. GOODS/SERVICES TO BE PERFORMED:

Under this interagency agreement, OPD agrees to provide administrative support, financed by TREAS, to the HCCG. The cost of such support shall not exceed $1,730,000 in fiscal year 1994. TREAS agrees to reimburse OPD for its expenditures for providing such support. Administrative services include but are not limited to: requisitioning of goods and services, funds management, and liaison with other agencies in the Executive Office of the President.

IV. PERIOD OF AGREEMENT:

This agreement commences October 1, 1993 and shall remain in effect until September 30, 1994. The paragraphs herein and in the letter from David Watkins and Andrea Rutledge to Roger C. Altman, attached as Exhibit A hereto, memorialize the understandings, terms, and agreements pursuant to which each involved organization shall act. This agreement may be modified with the advance written consent of both parties.

V. NOTICE

All acquisitions made under this agreement shall comply with the Competition in Contracting Act, Pub. L. 98-369.

All capitalized equipment (equipment with a per item value in excess of $1,000 and a useful life exceeding one year), including computer hardware, telefax machines, and other equipment purchased for this project with TREAS funds will be returned to TREAS at the end of this agreement unless the parties enter into a follow-on agreement that provides otherwise.

No portion of these funds will be used to support publicity or propaganda activities prohibited by section 509 of Public Law 103-123, the Treasury, Postal Service, and General Government Appropriations Act, 1994; by the Anti-Lobbying Act, 18 U.S.C. § 1913; or by any other applicable law.

VI. PROGRAM/TECHNICAL LIAISON OFFICERS:

DEPARTMENT OF TREASURY

Joshua Steiner
Chief of Staff
U.S. Department of
the Treasury
Washington, DC
(202) 622-0016

OFFICE OF POLICY DEVELOPMENT

Andrea S. Rutledge
Office of Administration
Executive Office of the
President
Washington, DC 20503
(202) 395-3043

Jurg Hochuli, Director
Financial Management Division
Office of Administration
(202)395-3793

VII. FINANCIAL PROVISIONS:

At the beginning of each quarter, OPD will bill TREAS for an advance of funds not to exceed an annual amount of $1,730,000 via the Online Payment and Collection System (OPAC). Such requests will cite the number of this agreement, appropriation symbol and other accounting identification codes.

Each month, OPD will provide TREAS with itemized charges to support the use of the advances. The total amount of expenditures and in-kind goods and services under this agreement shall not exceed $1,730,000. Upon submission of the final monthly list of itemized charges under this agreement, OPD will provide to TREAS a final reconciliation of the advances to the actual costs/in-kind goods and services. OPD will then refund via OPAC any resulting outstanding balance.

VIII. CREDIT FOR IN-KIND CONTRIBUTIONS

A. Goods or services provided in-kind by TREAS to the HCCG shall result in a corresponding reduction in the annual ceiling ($1,730,000) on financial support. The reduction in the ceiling shall be in an amount as agreed to by both parties and shall reflect the value of the in-kind donation.

B. Each credit due to an in-kind contribution shall be evidenced by a document stating the amount of the credit and signed by representatives of both parties.

IX. APPROVALS

CUSTOMER AGENCY:	SERVICING AGENCY:
DEPARTMENT OF TREASURY OFFICE OF MANAGEMENT FINANCIAL MANAGEMENT DIVISION 1500 Pennsylvania Ave, NW Washington, DC 20220 ATTN: Kathryn Melvin ALC: 20-01-0001 Appropriation Symbol: 2040101	THE EXECUTIVE OFFICE OF THE PRESIDENT OFFICE OF ADMINISTRATION Washington, D.C. 20500 Attn: Andrea Rutledge (202) 395-3043 ALC: 11-01-0003 Appropriations Symbol: 1142200 Index Code: J106E
CUSTOMER AGENCY APPROVALS:	SERVICING AGENCY APPROVAL(S):
Signature Date Joshua Steiner Chief of Staff 11/22/93	Signature Date Jurg Hochuli 11/19/93 Director Financial Management Division
Signature Date Roger C. Altman Deputy Secretary 11/23/93	Signature Date Patsy L. Thomasson 11/19/93 Special Assistant to the President for Management and Administration and Director, Office of Administration

Mr. ISTOOK. Do you have a copy today?

Ms. THOMASSON. No, sir, I don't.

Mr. ISTOOK. I would appreciate that. So your testimony would be, it is entirely public funds, though not entirely White House funds?

Ms. THOMASSON. It is not White House funds. It is funds provided from the interagency agreement between the Treasury Department, the Health Care Communications Group and the Office of Policy Development.

Mr. ISTOOK. Yes. But are all the funds that come through that agreement to operate the War Room, are all of those public funds or are some of them from private sources?

Ms. THOMASSON. All public funds, Mr. Istook.

WHITE HOUSE CONFERENCE CENTER

Mr. ISTOOK. On the conference center on Jackson Place, you indicated that the expense of that was partly paid by White House and partly by GSA?

Ms. THOMASSON. Yes, sir.

Mr. ISTOOK. What was the expense of that remodeling or acquiring the equipment to operate that facility at the White House conference?

Ms. THOMASSON. Approximately $385,000, Mr. Istook.

Mr. ISTOOK. How much of the mix between White House funding and GSA funding?

Ms. THOMASSON. I don't know that specific percentage off the top of my head. I will be glad to answer that for the record, sir.

[The information follows:]

WHITE HOUSE CONFERENCE CENTER

The cost to the White House Office of the Conference Center at Jackson Place was $344,394 which was obligated with fiscal year 1993 funds. These costs include $200,000 in construction costs, $84,240 for audio-visual equipment, and $60,154 for furniture. With regard to any costs incurred by General Services Administration, we refer you to that agency for specifics on costs it incurred in connection with the Conference Center.

Mr. ISTOOK. Without being specific, can you at least tell us which is the majority of the funds?

Ms. THOMASSON. Majority of the funds were White House funds.

Mr. ISTOOK. I don't recall, although that is obviously an item at least over $200,000, I don't recall any particular mention of that when you talked about different expenses that the White House desired to undertake for remodeling facilities and so forth last year.

Am I mistaken? Did you ever mention that to this subcommittee at any time last year?

Ms. THOMASSON. Those were funds out of the 1993 budget, and I don't believe I have had the opportunity to talk to this committee with regard to the 1993 budget amounts except with regard to the supplemental and those were funds used out of the regular 1993 budget, Mr. Istook.

Mr. ISTOOK. So all of that was 1993 funds as opposed to 1994 fiscal year funds?

Ms. THOMASSON. All of it was 1993 funds.

Mr. ISTOOK. How many persons are used on a regular basis to staff that facility?

Ms. THOMASSON. One person, Mr. Istook.

CONFERENCE CENTER SECURITY

Mr. ISTOOK. And you say it is not a secure area. Is there some sort of direct access between the White House Conference Center and the New Executive Office Building?

Ms. THOMASSON. There is a courtyard between the New Executive Office Building and the Jackson Place townhouses. There is a locked gate and locked doors between the two, so even though you have access to the Jackson Place townhouses, you do not have access to the New Executive Office Building without going through the pass process, sir.

Mr. ISTOOK. Okay. You say the locked gate. Is there a security guard stationed at that locked gate?

Ms. THOMASSON. No, sir.

Mr. ISTOOK. So whoever has a key to the locked gate without going through security could go from the White House center into the New Executive Office Building?

Ms. THOMASSON. There is a walkway between Jackson Place and the New Executive Office Building. It is my understanding that the General Services Administration and the Secret Service are the only ones who have keys to that area, sir.

Mr. ISTOOK. So you, for example, in your capacity as being in charge of White House administration, you do not have a key and no one in your office has a key?

Ms. THOMASSON. No, sir. I found a long time ago that the janitor is the guy who has all the keys and the most important people don't have any keys.

So I just want to try to do that, sir.

Mr. ISTOOK. Do the janitors have a key to that then?

Ms. THOMASSON. No, sir. The General Services Administration has had the key.

Mr. ISTOOK. So that is an illustration of how tight the security is that even the janitor doesn't have the key.

Ms. THOMASSON. That is correct.

AIDS TRAINING

Mr. ISTOOK. And you mentioned that is used for different training. AIDS training, for example. Is that A–I–D–S, AIDS, or A–I–D–E–S, aides?

Ms. THOMASSON. A–I–D–S training.

Mr. ISTOOK. And you say the White House has required all of its personnel and itself in the Executive Office of the President to undergo AIDS training?

Ms. THOMASSON. There is an Executive Order written by the President that requires all of us to go through AIDS training, yes.

Mr. ISTOOK. I have no further questions then at this time. We will follow up for the record.

EOP STAFFING TARGETS

Mr. HOYER. Thank you.

Thank you very much, Ms. Thomasson, we very much appreciate your being here today. The Chair is pleased that we are meeting our targets. You have 1,031 people. The ceiling was 1,044.

We had a lot of debate on the Floor on that, not so much because 1,031 or 1,044 are magic numbers, but because we said we were going to do that, and therefore it is important to do it.

Secondly, I want to tell you, I cannot remember in 13 years and 11 years on this committee, I guess it is my 12th year on this committee as extensive a hearing over the last two years review of the White House budget as we have had.

ACCESS TO WHITE HOUSE COMPLEX

I think it has been instructive. It is important, and I know you have learned a lot in the process, as we have. Questions that have been asked are important questions, and particularly, and I want to reiterate this, on these passes, initially I thought Mr. Wolf's perception was that people like Mr. Ickes, who is now of course on the staff, and others perhaps shouldn't have passes. He and I disagree on that.

I frankly believe anybody who the President wants to come in the White House ought to have access. If he wants it regularly into the White House, give him a pass or her a pass, it is not a problem.

However, the related question that Mr. Wolf raises is, I think, a very serious concern, and I think you think it is a serious concern and it is getting attention. And we need to assure this Committee, and we are going to be talking to the Secret Service about it, that we do not in this process somehow allow folks who have not been fully cleared to see classified materials, to inadvertently be exposed to that classified material. It is a serious question that has been raised, and I know you think it is serious.

I agree with Mr. Wolf on the access to classified information, and on the other hand, I am not as concerned as he is about these regular people, Mr. Begala or Mr. Carville or Ms. Grunwald, who have a lot of business having access to the White House grounds. They are obviously doing things for the National Committee.

That doesn't concern me, but it would concern me if I felt that we were not making sure that there was a secure context in which that access was being around.

WHITE HOUSE PASSES

Ms. THOMASSON. Absolutely, Mr. Chairman, and I share your concern with regard to the whole matter with regard to passes, and those of us that are in a management position at the White House have a grave concern about it because Mr. Wolf has raised the issue several times and additionally with the case of Aldrich Ames, we don't think we have any Aldrich Ames's at the White House, but we certainly could. That is not only the reason for the initial review of everyone for a White House pass, but the five-year review for all the career people at the Executive Office of the President, even those who don't have access to classified material, needs to be conducted and sent forward on timely basis.

We are looking at the White House pass procedure and the pass procedure for the whole Executive Office of the President to see if there are ways that we could increase or introduce additional preci-

sion into the process, ways that we could work better, more closely with the Secret Service and the FBI in their security checks as well as with the Internal Revenue Service and those other people that have checks.

Be aware that before any of us get to come into the White House complex, we are checked to determine if we represent any threat of any type physically to the President or any of the other principals. That first check does always take place. I think that we have created a safe work atmosphere, but we know that we need to follow through on the other issues and to make that process as streamlined as possible, because we don't want to find out two or three months later that somebody shouldn't have been there, so we are working very hard at that, Mr. Chairman.

CLOSING REMARKS

Mr. HOYER. Thank you very much for being here, and I too will submit some questions and other Members of the Committee may have questions and if you could—it is a little bit past mid-March, but if you could answer those by some time in mid-April, that would be helpful to us.

Ms. THOMASSON. Yes, sir, we will.

Mr. HOYER. We appreciate it very much. The hearing is adjourned.

[Questions and statements submitted for the record follow:]

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COMMITTEE ON APPROPRIATIONS
SUBCOMMITTEES
TRANSPORTATION
TREASURY—POSTAL SERVICE—GENERAL GOVERNMENT
COMMISSION ON SECURITY AND COOPERATION IN EUROPE

Statement of Frank R. Wolf

Treasury, Postal Service, General Government Appropriations

White House Office of Administration

March 22, 1994

Mr. Chairman, I believe an important issue that we will be dealing with today is accountability. Nowhere is accountability more important than in the White House. As Meg Greenfield wrote in The Washington Post yesterday, this administration has exhibited a "blithe disregard of the importance of establishing lines of responsibility for actions in government"...."lines of duty, assignments are unprecedentedly blurred in this White House if they exist at all"..."in addition, there are an awful lot of important people who are known as 'in-and-outers.' They are friends, consultants and so forth who have visiting rights, temporary passes but permanent impact."

Time and time again, on issues of accountability, this White House has dodged, weaved and misrepresented the facts. Even on relatively routine requests, answers are seldom forthcoming until the issue is forced

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into the public limelight. Today The Wall Street Journal raises concerns about Bill Kennedy, the President's designated ethics gatekeeper.

For nine months now I have been writing to the White House trying to get a straight story on the situation with White House passes. This is an important issue involving matters of security as well as conflict of interest. Executive Order 10450, issued by President Eisenhower, requires that individuals being employed by the executive branch of the government be investigated to establish their reliability, trustworthiness, good conduct, character and loyalty to the United States. In 1976 President-elect Carter executed a memorandum of understanding with Attorney General Levi regarding investigations and coupled with FBI internal regulations, investigations of White House staff have been done to determine suitability for employment and trustworthiness for clearance to classified information. To this end the FBI conducts inquiries concerning the individual's character, associates, loyalty, and reputation in the community. The background investigations cover the individual's adult life since graduation from high school. Inquiries are made at all institutions of higher education and employment. These investigations have served our country well by ensuring that those in the White House meet the appropriate standards. These rules have applied to everybody who has worked at the White House for decades now.

Last week, our colleagues Dan Glickman and Larry Combest wrote to the CIA to express their alarm at the lax security procedures at the White House. They understand the important role that the White House pass process plays in allowing for clearance for access to classified information. In light of the Aldrich Ames case, we cannot be lax with these matters. The reports of hundreds of White House employees, including our witness today, Ms. Thomasson, not having permanent passes for over a year into the Administration is alarming. Why weren't timely procedures followed? Why did those in charge continually misrepresent the situation? Why is it taking this Administration months and months longer than any previous Administration to get employees cleared? Why is this Administration running what U.S. News and World Report this week called a government "off the books" with James Carville, Paul Begala, Mandy Grunwald, Stanley Greenberg and other non-government employees regularly working at the White House?

Last summer when the White House issued the "Travelgate" report, Mr. McLarty wrote that the "Chief of Staff, in conjunction with the Counsel to the President, will provide guidance on access to the White House." When this report was written on July 2, 1993, the Chief of Staff, himself, did not have a permanent pass. Neither did Mr. William

Kennedy who was handling the processing of White House passes in the White House Counsel's office. Six months into the Administration, these senior members who were actually in charge of the process were blithely flouting it.

On August 19 Mr. McLarty wrote to me, "To our knowledge, there have been no material changes in security procedures at the White House when compared to those of previous administrations." Mr. McLarty still did not have his permanent pass at this point. Nor did Mr. Kennedy. At that point I discussed this matter with those who had conducted these matters in previous Administrations. The delay in obtaining White House passes for six, nine or more months was "unprecedented" I was told.

Again I wrote to Mr. McLarty and received another dismissive response. On October 27, Mr. McLarty wrote, "security clearances are being handled in a timely manner and in accordance with both the procedures of previous Administrations and the requirements of the law." Again, neither Mr. McLarty and Mr. Kennedy had their permanent passes at this time.

I continued my correspondence throughout the fall and into this year on this matter as we continued to hear of the many individuals including

senior staff who did not have permanent passes. On February 24, 1994, Mr. McLarty wrote, "As I have previously stated, to our knowledge, security clearances are being handled both in a timely manner and in accordance with the procedures of previous Administrations and the requirements of the law." Clearly this was false. At this point Mr. McLarty either had only recently received his permanent pass or didn't even have it over a year into the Administration. Now we learn Mr. McLarty only obtained his pass in the past several weeks. Mr. Kennedy only received his several months ago, so he too, operated as the chief security officer in the White House without himself having a permanent pass.

It was not until earlier this month when the press started to inquire about this issue that the truth finally came out. Actually the truth didn't come out in the first White House version published by The Washington Post on March 11. As in so many other instances, the truth is dragged out of this White House in dribs and drabs and we are finally able to put the picture together. More disturbing news continues to come out on this subject. For over a year dozens of senior staff have operated in the White House without permanent passes--now we are being to learn what some of the reasons for these delays may be.

Congressional inquiries on this matter were continually stonewalled and the information provided was perhaps even intentionally misleading. Mr. McLarty and Mr. Kennedy--those who were in charge of this matter were themselves failing to live up to the rules. This is disturbing. How is Congress to perform its proper oversight role if the White House refuses to be open and forthcoming about its operations? "Sunlight is the best disinfectant"--it is time to discuss these issues in an open forum where Congress can get some straight answers.

QUESTIONS SUBMITTED FOR THE RECORD BY THE COMMITTEE

COMPENSATION OF THE PRESIDENT

Question. What is the current estimate of when the President's compensation will be exceeded by that of his Cabinet officers?

Answer. The Vice President is the senior Cabinet officer. It is projected that by the year 2001, using OMB's projections for pay increases, the salary of the Vice President will exceed that of the President.

Question. If the President's compensation were adjusted for inflation, not pay raises, what would be the estimate of his compensation in FY 1995?

Answer. An incumbent President cannot benefit from a salary adjustment enacted during his Administration. The President's salary was last adjusted in 1969. If his salary had been adjusted using the consumer price index, it would be approximately $787,500.

QUESTIONS SUBMITTED FOR THE RECORD BY THE COMMITTEE

WHITE HOUSE OFFICE

Personnel Levels

Question. In House report 103-127 the committee established a personnel ceiling for the Executive Office of the President of 1,044 on board strength in 1994, a reduction of 350 below the actual 1,394 on board on November 7, 1992. (In conference with the Senate, an additional 15 positions were added for ONDCP). What was your total on board strength on September 30, 1993, and what is your current on board strength?

Answer. The on board strength as of October 1, 1993 represents the effective date of personnel actions required to implement the position levels established under the 25 percent reduction plan. The actual number on October 1 was 1,005.

Question. The total ceiling of 1,044 on board in the House report included 901 FTE's and 143 detailees. Realizing that number will fluctuate throughout the year, what is the FTE level and what is the level of detailees currently serving in the Executive Office? Please provide for the record the number of FTE's and detailees by account?

Answer. As of March 21, 1994, in relation to the total ceiling of 1,044, we are at 1,031.

The following is a breakout by account of the 1,031:

Agency/Account	EOP Staff	Other Govt. Employees	Total
White House Office	387	37	424
Office of Administration	184	0	184
Office of National Service	1	0	1
Special Assist. to the President	21	5	26
Official Residence of the VP	0	1	1
Office of Policy Development	40	13	53
Council of Economic Advisers	32	3	35
National Security Council	52	95	147
SUBTOTAL	**717**	**154**	**871**
Council on Environ. Quality	3	3	6
Executive Residence at the WH	89	0	89
Office of Natal Drug Control Drug	23	0	23
Office of Sc. & Tech. Policy	38	4	42
SUBTOTAL, Cumulative	**870**	**161**	**1,031**

Question. Do you currently plan to be at or below the ceiling at the end of this fiscal year?

Answer. Last year we discussed extensively the Administration's plan to reduce staffing levels by 25 percent to achieve a level of 1,044. Currently, we are below the 1,044 staffing level and have not to date exceeded it; yet, we would be remiss if we did not say that from time to time, as the work ebbs and flows, we may, in fact, exceed the 1,044, but on the average for the fiscal year we do not anticipate going above the 1,044.

Payroll Practices

Question. Last year, in the rush to staff the Executive Office after the change of Administration, some people were actually at work before all the paperwork associated with their employment had been completed. Are there currently any employees working in the Executive Office whose paperwork for employment has not been completed?

Answer. All paperwork for all employees is completed before they go on the payroll.

Question. A GAO report indicated that some of the employees were inadvertently overpaid during the first months of the new Administration. How much were they overpaid, how much has been recovered from them and what action is being taken to recover the remaining amounts?

Answer. A total of approximately $16,470 was overpaid in overlapping compensation to EOP employees. As of April 15, 1994, GSA had received payment for the entire amount. The two individuals who had not paid at the time of the hearing had made payment arrangements that were satisfactory to the General Services Administration, and they completed those payments since the hearing.

Travel Office

Question. The General Accounting Office is currently investigating the events surrounding the White House Travel Office. Has the White House given the General Accounting Office access to all the information they need to conduct that investigation?

Answer. Yes, the White House has received a letter from the Honorable John Conyers, Chairman, House Committee on Government Operations which states "According to the GAO [...], the White House has been cooperative with the review. They have been granted access to all requested files and to personnel. On checking with the GAO, we have discovered that there are no requests for

interviews with White House personnel or for documents which have been denied."

Question. What is the current status of the employees who used to work in that office?

Answer. Of the seven travel office employees, two have retired and the other five were placed in comparable jobs throughout the government.

New Telephone System

Question. When the new Administration took office, there were problems with the telephone system at the White House. A new system has been installed. What were the problems with the old system and what are the operational advantages of the new system?

Answer. The principal problem with the pre-existing system was its inability to prioritize, distribute and handle calls after they passed through the switch. As a result, many callers to the White House got either a busy signal or endless ringing.

The new system will allow calls to be prioritized and distributed more evenly - a distributed communications system. The new system has increased capacity to answer more calls (i.e., faster distribution of calls). The new system is able to process calls in a fair, efficient, and responsive manner. The system can also collect invaluable statistics (such as call volume by hour and day) so that management can make sophisticated staffing decisions according to those statistics, data that was simply unavailable under the previous system.

Question. What procurement process did you follow and have there been any start-up problems with the new system?

Answer. The procurement was carried out 1) to allow for maximum competition as national security concerns would permit; 2) to enhance the quality of the telecommunications system within the EOP; and 3) to achieve cost savings. GSA reviewed and approved all documentation.

In the initial procurement stages, the EOP did consider "piggy-backing" the Department of the Treasury's telephone system. After initial review, this option appeared to be more expensive.

To establish the criteria for the selection of a new telephone system, a task force was created. The Telecommunications Task Force included representatives from the United States Secret Service, White House Communications Agency (WHCA), the EOP Information Systems and Technology Division, the procurement office, OA procurement counsel, and telecommunications consultants. The Office of National

Drug Control Policy sent a representative to assist in the drafting of the requirements analysis. The Office of Management and Budget and the Office of the U.S. Trade Representative sent representatives to the team that evaluated proposals from the vendors.

Officials on the Telecommunications Task Force, including representatives from the Secret Service and WHCA - whose job it is to protect the communications systems of the White House - determined that the telephone system was highly sensitive and should be treated as classified, due in part to the EOP telephone system's interoperability with the WHCA telephone system (the architecture of which is classified). Thus, it was necessary to limit competition to vendors who already possessed facilities and personnel with proper security clearances and who could provide telephones that are compliant with the guidelines of the Intelligence Community's Telephone Security Group (TSG), which are required for certain secure areas. Only three vendors were found to be able to meet these requirements within the requisite time period.

The government's Justification and Authorization for Other Than Full and Open Competition stated that the EOP could not conduct a full and open competitive procurement due to: 1) the need to protect national security and 2) exigent circumstances created by the EOP's urgent telecommunications requirements. The Telecommunications Task Force determined that, to maintain the system's security, information concerning the layout, location, cabling and on-site access to the system would only be provided by those vendors who had already met stringent Secret Service and WHCA security requirements.

A formal Request for Proposals (RFP) was issued and subsequently awarded to the bidding team that best met the technical and financial requirements of the EOP, and a substantial cost savings will be achieved through implementation of the new, more cost effective system.

All officials involved in the negotiations, including the Contracting Officer and the Contracting Officer's Technical Representative, signed a certification of Procurement Integrity as required by federal regulations.

To date, there have been no major problems associated with the start up of the new system.

Question. How does the cost of the new system compare to the cost of the old system?

Answer. Under the terms of the new contracts, we estimate a savings to the government of at least $2 million compared to the contracts signed by the previous administration. These savings will be realized over the 10 year life of the contracts. These are net savings which fully take into account installation and start-up costs.

Issuance of White House Passes

Question. What is the current process by which employees of the Executive Office receives both temporary and permanent passes to the White House?

Answer. In general, the procedures are as follows:

- Applicants participate in a security interview and provide preliminary background information.
- Every applicant's name and date of birth are forwarded to the FBI and checked on the National Crime Indicator Center (NCIC) computer in order to identify any prior criminal history.
- The Office of Administration's Personnel Management division arranges to have the applicant tested for illegal drug use.
- The new employee has 30 days from the "effective date of hire" to complete the necessary forms for a full background check. If the employee does not complete the forms in 30 days, he or she will be placed on leave without pay status.
- Upon receipt of the forms, a security officer reviews them for completeness and then forwards them to the FBI and other relevant authorities.
- At that point, the employee is eligible for a temporary hard pass. To obtain the pass, the employee must be fingerprinted. The prints are forwarded immediately to the FBI for another computer check. If any problems are identified, the appropriate security officer is notified.
- Within approximately 90 days of receiving the forms, the FBI submits the results of its background check. The Security Office, in consultation with White House Counsel's Office, then reviews the complete file and addresses any concerns that may have been identified.
- Counsel's Office forwards its recommendation, together with the FBI file, to the Secret Service, which then determines whether or not to issue a permanent pass.

Question. What is the current policy regarding the issuance of passes to people who are non-federal employees?

Answer. Absent exceptional circumstances (to be determined by the Chief of Staff's Office in consultation with White House Counsel's Office), White House

permanent passes are issued only to employees of the Federal government, with the sole exception of (i) family members of the First Family and (ii) individuals employed or retained by the DNC whose duties require regular consultation with the President and his staff. (The term "employee" includes regular employees of the EOP, Cabinet Members and their staff, detailees, special government employees, interns, full time volunteers and volunteers approved by the Volunteer Office to provide full time administrative assistance.) In addition, passes are issued to some contractors (such as AT&T employees) who have an identified need for regular access to the Complex. Finally, members of the press are issued passes pursuant to procedures different from those set out above..

Question. What is the current process by which these people who are not federal employees receive passes to the White House?

Answer. Contractors and other non-federal employees are granted permanent passes for the appropriate area of the White House complex solely on an "as needed" basis. In order to be granted a pass, such individuals (with the exception of members of the First Family) must: (1) complete the SF 86 and other security-related paperwork, (2) undergo a full-field FBI background check, and (3) be favorably adjudicated for access on the basis of that check. Separate procedures govern issuance of passes to members of the press and volunteers.

Question. How many Executive Office employees hired prior to January 1 of this year who should have access to the White house compound do not have permanent passes?

Answer. One hundred thirteen White House employees who joined the staff prior to January 1, 1994 do not yet have a permanent pass. All are expected to have a permanent pass in the near future.

Question. Why haven't White House employees been required to complete the paperwork on a timely basis to obtain permanent passes?

Answer. Most employees did submit the required paperwork on a timely basis. To correct any deficiencies in that regard, the Chief of Staff issued a directive on March 14, 1993 providing as follows: (1) Staff who joined the payroll before March 1, 1994 were required to submit their paperwork by March 18, 1994; (2) all staff who joined the EOP between March 1 and March 14, 1994 were required to submit their paperwork by March 31; and (3) all new staff were required to submit their paperwork within 30 days of their appointment date. Failure to comply with these deadlines will result in being placed on leave without pay status.

Question. What action are you taking to insure that the necessary paperwork is completed on a timely basis and what consequences will the employee face if they fail to comply?

Answer. On March 14, 1994, the Chief of Staff issued a memorandum directing all staff to complete their security related paperwork as follows: (1) Staff who joined the payroll before March 1, 1994 were required to submit their paperwork by March 18, 1994; (2) all staff who joined the EOP between March 1 and March 14, 1994 were required to submit their paperwork by March 31; and (3) all new staff were required to submit their paperwork within 30 days of their appointment date. Failure to comply with these deadlines will result in being placed on leave without pay status.

Budget Issues

Question. The White House is projecting no increase in the personnel level for 1995, yet you are requesting an increase of $1,990,000 in personnel compensation and benefits. Please explain in detail the increase.

Answer. With the variety of initiatives which the President has put forth, as well as his ambitious legislative agenda, there is a continual need for experienced policy advisors who require a higher level of compensation. A portion of the funds requested will support an increased number of policy making positions at the senior levels of the White House Office (WHO).

As the structure and organization of the WHO develops and moves toward a higher ratio of policy making to support positions, we intend for the number of GS equivalent positions to remain at its current level of 75.

In addition, as a means of retaining quality staff an estimate is included for within-grade increases and promotions for those WHO employees paid on the GS equivalent scale. The budget request also provides for the government wide salary increase of 1.6 percent effective January 1, 1995.

Finally, as nearly all WHO employees came into government service with the present Administration, they are new to the federal government and are covered by the Federal Employees Retirement System (FERS). The FERS results in a higher benefit rate to an agency than the previous Civil Service Retirement System. Also driving the higher benefits estimate is the anticipated increase in participation in the Thrift Savings Plan (TSP) due to the larger proportion of WHO staff covered by FERS. The TSP increases in the costs of benefits for the WHO are in the form of the required agency "match".

Question. How was the locality pay increase handled in the Executive Office?

Answer. The cost of the locality pay increase was absorbed by each agency within the Executive Office of the President. The WHO extended locality pay to all employees paid on the GS equivalent scale. Administratively determined positions in the White House Office, the Office of the Vice President, the Office of Administration, and the Office of Policy Development did not receive the locality

pay increase. Questions as to application of the locality increase in any other EOP agency should be directed to that agency.

Question. You are projecting an increase of $297,000 in rents, communications, and utilities. How much of this increase is in each category and what is the reason for each increase?

Answer. The requested increase for rent, communications and utilities composed of the following items: (1) an estimate for inflation of 2.5 percent, or $94,000; (2) current services level increases totalling $277,000 were included for increases in communications costs consisting of $80,000 in anticipation of increased postage rates and telephone line charges announced for FY 1995 as well as an additional $197,000 to provide for increased satellite hook-up charges to afford the President greater opportunity to communicate more directly with the American public; and (3) a reduction of -$74,000 in compliance with the President's directive on reducing the cost of administrative services.

Question. You indicated that you will save $2 Million over a ten year period for the new telephone system. Are savings of $200,000 reflected in your budget in 1994?

Answer. The contracts signed in July 1993 were replacement contracts for operation of the Executive Office of the President telecommunications system which had been executed by the previous Administration. In comparison to the terms and conditions of the previous contracts, we estimate a savings of at least $2 million over the new contracts' ten-year life span. Because the costs are spread over all EOP agencies and because there has been a line charge increase by Bell Atlantic, these savings do not translate into line item savings in the 1994 budget, though they are present overall.

<u>Use of White House personnel on personal issues</u>

Question. What is the policy of White House personnel providing the President with legal assistance related to private issues, such as those of the Whitewater Development Corporation and the former Madison Guaranty Savings and Loan?

Answer. The policy of White House personnel providing the President with legal assistance related to private issues was expressed in the Counsel to the President's letter of February 10, 1994 to Congressman Frank Wolf as follows: "[T]he President and Mrs. Clinton are represented personally by a private attorney. No public funds are being used to compensate that attorney. Furthermore, no White House staff members are acting as lawyers for the President and the First Lady where there is no official nexus."

<u>Creation of Positions</u>

Question. Have any of the detailees which are working at the White House filling a position which was created solely or primarily for the purpose of detailing that person to the White House?

Answer. No.

Question. Please provide a list of all the White House detailees which are schedule "C" employees and the agencies from which they have been detailed.

Answer. There are currently two schedule "C" employees detailed to the White House Office. These include a Deputy Director for Scheduling from the Energy Department and a Personal Assistant from the Commerce Department.

QUESTIONS FOR THE RECORD SUBMITTED BY THE COMMITTEE

OFFICE OF ADMINISTRATION

Enhancement of Information Systems

Question. Do you have an overall plan to enhance your management information systems? If so, what is the total cost and time frame for this effort?

Answer. Based on the yearly budget cycle, plans exist at the operational and tactical levels to accomplish the objectives of OA's Information Systems and Technology Division (IS&T) in direct support of the Executive Office of the President agencies. The annual costs are reflected in the budget request and the time frame is the budget year.

Recently IS&T has implemented a formal project planning function in order to manage and control its activities in a more efficient and professional manner. In addition, the Office of Administration (OA) is in the process of developing and implementing a strategic planning method that will allow OA to perform long term planning and to meet the five-year strategic planning requirements set forth in the Government Performance and Results Act of 1993.

Question. Which agency has reviewed your enhancement plan and when was that review completed?

Answer. No formal review of the plans, other than the normal process associated with the Office of Management and Budget's (OMB) review of the annual budget, has yet been performed by any agency outside of OA. The intention of this agency is to continue to work with the OMB to assure that OA's plans are reasonable and meet legal requirements.

Question. What problems have you encountered with the implementation of this effort?

Answer. The primary obstacles to achieving the objectives of current plans have been: (a) The constantly changing business requirements of OA's customers (i.e., various EOP agencies); (b) the impact of the existing records management court case (i.e., *Armstrong* case) on overall operations; and (c) the rapid pace of technological change as reflected in the need to move to a client-server architecture.

Question. What steps have you taken to ensure adequate competition for the equipment included in this effort?

Answer. In all of OA's procurement activities, every effort is made to ensure adequate competition. Many of the acquisitions required to upgrade the EOP to a modern computing environment are not the type of large purchases that have been done in the past. Rather they are component parts, such as file- and client-server software and individual elements for the performance of decentralized, integrated computing. OA, in supporting the Administration's commitment to small business, acquires many of these components via Small Business and Minority (8A) contracts. For larger or more expensive components, standard evaluations are conducted either internally or with outside assistance prior to making decisions.

To coordinate acquisitions of computing equipment and related software and services, a cross-functional team consisting of representatives of OA's IS&T, procurement, general counsel and financial organizations meet regularly to discuss and review OA's procurements.

The Armstrong Case

Question. What is the total which has been appropriated and obligated to date?

Answer. The FY 1993 supplemental appropriation provided $340,000 to the Office of Administration to purchase backup tapes as an initial step in complying with the court order. Of this amount, $307,267 has been obligated to date. We expect to begin obligation of FY 1994 supplemental funds early in the third quarter.

Question. The Congress also directed that the White House set up a separate accounting system to track these expenditures. What have you done to meet this requirement? Has this requirement for a separate accounting for the funds increased your costs significantly?

Answer. Funds have been apportioned to the Office of Administration. This office will issue separate allotments to the three affected agencies, the Office of Administration, the National Security Council, and the U.S. Trade Representative. Separate accounting reports will be prepared to show each agency's use of appropriated funds as well as amounts to be carried over for obligation in FY 1995. The requirement for separate accounting of these funds has not increased our costs significantly.

Detailees from White House to Other Agencies

Question. What is your estimate of the number which will be detailed in FY 1995?

Answer. At this time there are no plans to detail any employees from the White House Office, the Office of Administration, the Office of the Vice President or the Office of Policy Development to any other government agency in fiscal year 1995.

Question. What is the total amount associated with the salaries of the individuals which have been detailed in FY 1994?

Answer. At this point in fiscal year 1994, there have been no details from the White House Office, the Office of Administration, the Office of the Vice President or the Office of Policy Development to any other government agency.

QUESTIONS SUBMITTED FOR THE RECORD BY THE COMMITTEE

SPECIAL ASSISTANCE TO THE PRESIDENT

Level of staff assistance during National Performance Review

Question. What was the level of staff support dedicated to coordinating the NPR report in fiscal year 1993 and is there any staff support for this effort in fiscal year 1994?

Answer. One Office of the Vice President (OVP) staff member has been dedicated to coordinating NPR in fiscal year 1993 and fiscal year 1994.

Question. Has this support been provided by White House employees or individuals on detail from other agencies?

Answer. The staff support referenced in the previous question has been provided by OVP.

Question. Have individuals from other agencies, although not on detail, been assigned to the Vice President's staff to assist in this effort?

Answer. The National Performance Review (NPR) itself is composed of agency representatives who, as part of their agency responsibilities, are assigned to represent their employing agency.

Question. Since this report has now been released have you reduced your staff size to reflect the completion of this effort?

Answer. No, the OVP staff size has not been reduced and remains at its approved FTE level of 21. The work of the NPR is continuing and an OVP staff member is working on coordinating the implementation of the NPR recommendations.

Level of support for Mrs. Gore

Question. What is the level of staff support which will be provided to Mrs. Gore in fiscal year 1995 and how does this compare with 1994?

Answer. In FY 1995, it is anticipated that three (3) members of the OVP will work with Mrs. Gore in addition to their other responsibilities. This is the same as the current staff level.

Question. What is the estimated fiscal year 1995 cost of support for her office and how does this compare with 1994?

Answer. From time to time, any OVP staff member may support Mrs. Gore's efforts. Therefore, it is impossible to determine the full cost of supporting her office. However, the three staff members discussed in the previous question have salaries totalling $169,500 annually. FY 1995 salaries for these individuals are estimated to remain at approximately the FY 1994 level.

Question. What is the history of support for the Vice President's spouse and has this support changed over time?

Answer. Since the Carter Administration, support for the Vice President's spouse has ranged from two to five.

Use of detailees

Question. What is the current number of detailees and what number is planned for fiscal year 1995?

Answer. As of March 21, 1994 there were five (5) other government employees assigned to the Vice President's staff. The number of other government employees on board varies according to the workload of the office. OVP is currently authorized to use the services of a maximum of 11 other government employees and this authorization is expected to remain the same in FY 1995.

Question. Does the Vice President's office make use of "assignees" to supplement the staff on a non-reimbursable basis?

Answer. No assignees are on staff at this time.

QUESTIONS SUBMITTED FOR THE RECORD BY THE COMMITTEE

OFFICIAL RESIDENCE OF THE VICE PRESIDENT

Question. Are there additional things which need to be done to complete the Navy's long range master plan?

Answer. It is our understanding that the Department of the Navy has a long range plan for renovations and rehabilitation projects at the Residence. Specific questions regarding tasks to completion should be referred to the Department of the Navy.

Question. What has not been accomplished and what is the timetable for completing these things?

Answer. Responsibility for construction planning and execution is that of the Department of the Navy.

Question. What is the estimated cost of the Navy's master plan for renovation?

Answer. Funds for renovations at the Residence are budgeted by and appropriated to the Department of the Navy.

Vice President's Residence Donations

Question. When was this fund established?

Answer. The Vice President's Residence Donations account was established in 1974.

Question. What is the current balance in the fund and what expenditures have been made from it in the past two years?

Answer. The current balance in this account is $13,638. In fiscal years 1993 and 1994, funds have been expended for renovations at the Residence.

Question. Is there a commission which manages the fund?

Answer. There is no commission which manages the fund. The Office of Administration maintains the financial records for this account. The Office of the Vice President makes decisions on the use of donated funds.

Question. What is the criteria used to determine the proper expenditure from the fund?

Answer. The expenditures from this account may be made for the furnishing of or making improvements in or about the Residence. All donations become the property of the United States. The Office of the Vice President makes decisions on the use of donated funds.

QUESTIONS SUBMITTED FOR THE RECORD BY THE COMMITTEE

UNANTICIPATED NEEDS

Question. Has there been an expenditure of funds from this appropriation in 1993 or 1994?

Answer. There was no expenditure of funds from this appropriation in 1993. In 1994, $250,000 has been allocated to the JFK Assassination Records Review Board.

Question. Are there plans to expend any funds in 1994 or 1995?

Answer. The necessary steps have been taken to allocate $250,000 from this account in fiscal year 1994 to initiate activities of the John F. Kennedy Assassination Records Collection Board as specified in the President John F. Kennedy Assassination Records Collection Act of 1992 (P.L. 102-526). Currently, there are no plans to expend funds from the account in FY 1995.

QUESTIONS FOR THE RECORD SUBMITTED BY THE COMMITTEE

OFFICE OF POLICY DEVELOPMENT

Restructuring of OPD

The FY 1994 budget request supported a restructured OPD. Prior to FY 1994, OPD supported only one program office but now supports 3 different program offices: National Economic Council, Domestic Policy Council, and Office of Environmental Policy.

Question. Is this still the same organizational structure supported in FY 1995 budget request?

Answer: The Office of Policy Development continues to operate under the same organizational structure as outlined in the FY 1994 request.

Question. What is the breakout of FTEs and funding for these clusters and how does this compare with the FY 1994 levels?

Answer: The allocation of FTE positions within the Office of Policy Development are outlined in Table I.

Table I Authorized FTE Levels

Authorized	NEC	DPC	OEP
1995 FTEs	20	10	10
1994 FTEs	20	10	10

The Office of Policy Development budget is the sole source of support for all three policy clusters. The appropriation is broken out into four areas, one for personnel expenses and travel for each of three policy clusters: the National Economic Council (NEC), the Domestic Policy Council (DPC) and the Office of Environmental Policy (OEP). The fourth funding area provides for centrally budgeted expenditures which directly support the operations of the three policy clusters. Centrally budgeted expenditures include shipping, GSA rent, utilities, printing, supplies, other services, and equipment. The breakout is as follows:

	FY 1994	FY 1995
National Economic Council	$2,036,000	$1,841,000
Domestic Policy Council	1,142,000	1,160,000
Office on Environmental Policy	903,000	908,000
Centrally Budgeted	1,041,000	$1,172,000
TOTAL	$5,122,000	$5,081,000

Staffing with high grade employees

During last year's hearing, there was a long discussion of OPD's personnel request to increase the pay of high grade employees while reducing FTEs.

Question. Have you measured the effects of this action? Did it result in a more productive staff?

Answer: The new structure of the Office of Policy Development has created an organization based on building consensus among stakeholders *during* the policy development process. Previously, policy makers would pursue policy development without engaging all the parties having an interest in a particular issue. Departments would be left to determine implementation strategies without having been involved in the development cycle. The end result was a policy that was unevenly or ineffectively developed and implemented. Using a working group model, the different policy clusters in OPD bring all the stakeholders to the table in order to participate in the policy making process. This results in policy, based on consensus, that can be consistently implemented and effectively communicated.

Question. Do you have plans in 1995 to repeat this process?

Answer: The reorganization is complete. Due to the success of the new structure, we plan to maintain the current organization. The FY 1995 budget request for the White House Office is seeking additional funding to enable it to increase its ratio of policy-making to support staff. It is hoped that the success achieved in the Office of Policy Development can be repeated in the White House Office.

Support for the National Economic Council

The Office of Policy Development provides support to the National Economic Council which is also supported by the Council of Economic Advisers.

Question. What is the difference in the type of support provided by OPD and CEA?

Answer: The Office of Policy Development is the appropriation that provides funding for the activities of the National Economic Council (NEC). The NEC uses its allotted portion of the funds for personnel and travel. Other operating expenses are covered by the centrally budgeted portion of the OPD appropriation.

The NEC integrates and coordinates the development and presentation of economic policy to the President. The Council of Economic Advisers (CEA) is responsible for macroeconomic analysis, development and analysis of economic statistics and indicators, and for producing the annual Economic Report of the President.

Question. Do these two organizations overlap in their support of the National Economic Council?

Answer: There is no overlapping in the support provided to the National Economic Council by the Office of Policy Development (OPD) and the Council of Economic Advisers (CEA). The Office of Policy Development directly funds the activities of the NEC. CEA analysts and statisticians provide analytical and statistical support to NEC advisors. CEA is considered a stakeholder in the development of economic policy and as such participates in the consensus building process.

Question. What is the total level of White House support, both FTEs and funding, which is provided to the National Economic Council?

Answer: As indicated above, funding and FTEs for the National Economic Council (NEC) are contained within Office of Policy Development. The FTE level for the NEC in FY 1995 will remain at its current 20. Funding for NEC activities in FY 1995 is projected to decrease from its current level of $2,036,000 to $1,841,000. This decrease results from reassignment of other government employee activities to other policy clusters.

QUESTIONS SUBMITTED FOR THE RECORD BY CONGRESSMAN LIGHTFOOT

Legal Assistance to President and First Lady

Question. I would like you to provide for the record a complete accounting of individuals on White House staff, or any other agency payroll, *who have provided or are providing* legal counsel to the President or the First Lady on matters relating to Whitewater or Madison Guaranty, their salaries, and an estimate of the percentage or amount of time they have spent or are spending on these matters.

Answer. The policy regarding White House personnel providing the President or First Lady with legal assistance related to private issues was expressed in the Counsel to the President's letter of February 10, 1994, to Congressman Frank Wolf as follows: "[T]he President and Mrs. Clinton are represented personally by a private attorney. No public funds are being used to compensate that attorney. Furthermore, no White House staff members are acting as lawyers for the President and the First Lady where there is no official nexus." In addition, to our knowledge, no government personnel outside the White House are providing or have provided legal counsel to the President or First Lady on matters relating to Whitewater or Madison Guaranty.

Employee Compensation Issues

Question. How many administration appointees in the EOP have received monetary awards? If any, please provide a list showing who received awards, tha amount of the award, their base salary at the time the award was approved, the date they were appointed to the position held when the award was granted. I would remind you that the White House has provided salary information for the record in the past, and Congress also publishes the salaries of its staff.

Answer. No administration appointees in the White House Office, the Office of Administration, the Office of the Vice President, the Official Residence of the Vice President or the Office of Policy Development have received monetary awards since January 20, 1993.

Question. Have any EOP employees received temporary pay increases? Please list the recipients, their base rate of pay, the amount of duration of the temporary pay increase, the date they were appointed to the EOP and the justification for approving the raise.

Answer. During the GAO audit of personnel practices at the Executive Office of the President, the GAO stated that if there was a need, because of an administrative error or other reason, the appropriate method to compensate the individual is on a prospective basis rather than retroactively.

Since late September of 1993, four such adjustments have been made. These adjustments were the result of nonsubmission of paperwork for approved pay increases and a calculation error on an intermittent employee. These adjustments were made according to the method recommended by the GAO.

Question. Did the Administration approve the payment of relocation expenses or recruitment bonuses for any of its EOP appointees? If so, please identify those individuals and the amounts paid to each.

Answer. No staff member in the White House Office, the Office of Administration, the Office of the Vice President, or the Office of Policy Development received moving expenses or a federal recruiting bonus since January 20, 1993. The testimony of Ms. Thomasson was slightly mistaken because the Director of the Office of National Drug Control Policy is included in the 1,044 personnel ceiling and he did receive reimbursement for relocation expenses.

Regarding relocation expenses or recruitment bonuses in other EOP agencies, we refer you to those agencies for the specifics on their relocation reimbursements.

Question. How many White House Office employees are paid at the maximum rate payable pursuant to sections 104(a) (2) (A,B, and C) of title 3, U.S.C.?

Answer. The Section A maximum rate permitted is $133,600, which is equivalent to Level II of the Executive Schedule. Eighteen employees of the White House currently fall within the Section A range (25 are allowed). As of March 12, 1994, $125,000 is the highest rate of compensation being paid to any one individual in this group.

The Section B maximum rate permitted is $123,100 (Level III). Two employees are in the Section B range (25 are allowed) with $118,000 being the highest compensation currently paid in this group as of March 12, 1994.

The Section C maximum rate is $115,700 (GS 18). Forty-nine employees are in the Section B range (50 are allowed) with $112,906 being the highest compensation currently paid in this group.

New Telephone System

Question. Prior to determining that the DMS 100 phone system was incapable of handling the White House's February 1993 incoming call volume, who did you contact at Northern Telecom to determine the system's capabilities? What was their response? Please submit copies of any memos to the file or correspondence you may have had with Northern Telecom for the hearing record.

Answer. Prior to issuance of a Request for Proposals (RFP), no discussions were held with Northern Telecom regarding the DMS 100. However, several members of the interagency task force which prepared the requirements analysis were familiar with the DMS 100 and its capabilities.

Question. Provide a list detailing the number of individuals who manned the White House Comments Line for each day from January 20, 1993, through April 1, 1993. Also list any days or hours where the Comments Line was staffed with fewer than 25 individuals. During the period from January 20, 1994, through May 30, 1993, what percent of total calls coming in to the main switchboard number were meant for the public Comment Line?

Answer. Continuing the policies of the previous Administration, volunteers are used to man the White House Comments Line, as well as the White House Greetings service. Due to the irregular schedules of the individual volunteers, no central accounting is maintained of their actual hours worked.

Since there are only twenty telephones connected to the Comments Line telephone number -- except for special events such as the State of the Union Address, when additional telephones are connected to the Comments Line -- it is extremely rare to have the Comments Line staffed with more than 25 individuals at one time.

It is my understanding that the then-existing phone system could not track, and was not configured to track, what percentage of calls into the switchboard were intended for a particular number. Thus, we have no basis from which to answer this question.

Question. Your office justified the limited source procurement of the new phone system on both "urgent and compelling" and "national security grounds." In your request for a delegation of procurement authority, you explained that the old system had become oversaturated with over 65,000 incoming calls per day and that the immediate need for system replacement precluded the White House from waiting the few months necessary for all potential bidders to obtain required clearances. Yet, in a July 1993 meeting with the House Government Operations Committee staff, you abandoned the earlier justifications and stated the reasons for limiting competition as the inability of the President to have private telephone conversations, the alleged improper execution of the previous phone contract, and the projected cost savings of the new system. Please explain the variances in these justifications and submit for the record a single, final justification limiting competition on the White House phone contract.

Answer. The Justification for Other than Full and Open Competition prepared prior to issuance of the request for proposals (RFP) relied on the urgent and compelling and national security exceptions to the Competition in Contracting Act (CICA). That justification remains valid and a copy is attached. Our discussions with committee staff in July after the contract was awarded did not imply that the

justification had changed. Additional practical considerations, e.g., the lack of privacy for Presidential calls, the lack of proper contracts in the past, and the expected cost savings were cited as supplemental reasons for the decision to proceed with an expedited procurement with limited competition.

A copy of the justification follows.

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF ADMINISTRATION
Washington, D.C. 20503

Upon the basis of the following justification, the procurement action described below may be negotiated using other than full and open competition, pursuant to the authority of 41 USC 253 (c)(2) and 41 USC 253 (c)(6) as implemented by Federal Acquisition Regulations (FAR) Section 6.302-2-- Unusual and compelling urgency and (FAR) Section 6.302-6 -- National security.

JUSTIFICATION

1. Contracting Activity

Office of Administration (OA), Executive Office of the President (EOP).

2. Nature of Action Being Approved

This action will result in an arrangement for requirements contracts for the acquisition of hardware, software and services to provide an upgrade of the Executive Office of the President's existing telecommunications system.

3. Background

The current telephone system consists of an array of components at varying stages of technical obsolesence. It serves approximately 2,000 users. There are 5,500 analog stations, and 4,200 lines, which are acquired on a straight lease basis. The currently installed stations consist of 1A2 key systems, Merlins, and a few Legend Systems. A Western Electric 608 cord board supports the White House Operators. There is no centralized voice messaging system. This analog technology does not meet the call processing requirements of the White House and the Executive Office of the President (EOP). The current architecture prohibits the implementation of new voice services and technologies throughout the complex. It has become increasingly urgent to obtain an effective telecommunications system.

4. Estimated Value

The estimated cost for this acquisition is twenty six (26) million dollars. This estimate is based on the costs of telecommunications equipment services provided under

existing EOP contracts and analysis of other government contracts with cost schedules for the same or similar types of equipment and services.

5. Statutory Authority

41 U.S.C. 253(c)(2) -- Unusual and compelling urgency
41 U.S.C. 253(c)(6) -- National security

6. Rationale for Statutory Authority

In light of the new administration's policy and commitment for accessability to Congress, public, and private sectors, it is imperative that the necessary technologies be acquired to facilitate the removal of existing communications barriers. Consequently, this will provide the means to communicate with the public and private sectors as well other branches of government in the most efficient manner available. The current system has proven unable to handle the number of calls delivered through the Public Switched Telephone Network (PSTN) because of the physical limitations of the installed system.

To properly bring unity of purpose and consistency of action to the executive branch and to ensure that all mission related functions and services are coordinated as expeditiously as possible, the Government would be injured unless the agency is permitted to limit the number of sources from which it solicits prices. The need to provide an effective telecommunications system is overwhelming and the schedule for completing this acquisition does not allow for full and open competition.

The design and network architecture of the EOP Telecommunication Network (EOPTN) needs to be treated as classified because of inter-connectivity to the White House Telecommunications Network (WHTN). The purpose of the WHTN, which is operated by the White House Military Office (WHMO), requires that information about the network architecture, design and operation be classified because of the network's role in normal EOP business, Emergency Action (EA) scenarios, continuity of government, and the national security decision making process. Disclosure of this information could allow for the unauthorized evaluation and exploitation of the network architecture resulting in espionage, fraud or abuse of the network during the execution of real life emergency action or disrupt continuity of U.S. government operations. This action would compromise national security and thus qualifies this procurement for exception to full and open competition. Additionally, in the interest of national security,

compliance with all applicable Telephone Security Group (TSG) standards is required and the vendor must provide anonymity for this equipment during the manufacture, test, ship and delivery processes.

7. Solicitation of Alternative Sources

An analysis was performed to compare and evaluate the costs and benefits of various alternatives for meeting the requirements and to determine which alternative is most advantageous to the Government. It was concluded, that limited competition on an expedited basis will be utilized in the event the EOP is unable to enter into an Interagency Agreement with any of the alternative government sources.

Operational Security concerns and time constraints dictate that only a limited number of vendors be contacted to prevent disclosure of the procurement. Pursuant to FAR 5.202(a)(1), the CBD synopsis cannot be worded to preclude disclosure of the Government's needs and such disclosure would compromise national security. Also, pursuant to FAR 5.202(a)(2), a waiver of the synopsis requirement is permitted when the Government would be seriously injured if the agency complies with the time periods specified for notices of proposed contract actions required by FAR 5.203. This procurement action will not be synopsized.

8. Determination of Fair and Reasonable Prices

In accordance with FAR 6.303-2(a)(7), the anticipated cost to the government will be fair and reasonable.

9. Market Survey

The immediate and compelling nature of this requirement has limited the market survey to the following:

a. Contact with current vendors;

b. Consultation with telecommunications experts to define technical characteristics; and

c. Through published materials the Government maintains a constant watch on telecommunications technology trends. This activity includes the continuous analysis and validation of existing networks based on current requirements. This evaluation includes a comparison of current communications requirements with changes projected by various voice, data, and Call Processing

technologies.

10. Other Supporting Facts

a. Department of Treasury, United Secret Service Letter, dated July 18, 1990, Subject: White House Telecommunication Switch. This memorandum identifies the security requirements directed by USSS.

b. This contract will enhance the architecture of the existing network as part of a phased implementation to Integrated Services Digital Network (ISDN) technologies.

11. Listing of the Sources that Expressed an Interest

EOP studies indicate that five (5) manufacturers could possibly meet our system requirements. However, it is concluded that only three (3) of these contractors have a reasonable chance of satisfying national security concerns. Also, the short time frame allowed to conduct this acquisition will undoubtedly limit responses.

12. Removing Barriers to Competition

It is not anticipated that future requirements will be fully competitive because of the National Security reasons stated previously. However, The telecommunications industry is working toward a 100% acceptance of an Integrated Digital Service Network (ISDN) standard. This could overcome the competitive barrier for future acquisition of supplies and services.

DETERMINATION

Based on the above, it is in the Government's best interest to utilize Other than Full and Open Procedures to acquire the equipment and services necessary to improve telecommunications services that support the White House and the Executive Office of the President.

APPROVAL

Technical Requirements Certification
I certify that the facts and representations under my cognizance which are included in this justification form a complete and accurate basis for the justification.

Lawrence R. Jurcich
Information Security Officer

6/14/93
Date

Contracting Officer Certification
I certify that this justification is accurate and complete to the best of my knowledge and belief.

Dale Helms
Chief, Procurement Branch

6/14/93
Date

CONCUR:

Patsy L. Thomasson
Special Assistant to the President and
Director of the Office of Administration

6/17/93
Date

Question. Please provide a list of the appropriated funds expended to date by each 'EOP' agency, the Department of Defense, the GSA, the U.S. Secret Service, or any other federal agency for any purpose associated with the design, installation or operation of a new phone system. Also, please provide copies of all work order changes issued after the date the contracts were awarded.

Listed below are the FY 1993 costs for implementation of the new phone system showing participating agencies. The FY 1994 distribution will be determined once the system is fully implemented. The costs indicated below were used in developing the $2 million cost savings estimate between the current and previous telecommunications contracts.

Allocation of Costs per Agency
TOTAL FIXED COSTS

Agency	FY 1993 Obligation
Council of Economic Advisers	$40,000
General Services Administration	50,000
National Security Council	91,267
Office of Administration	257,649
Office of Management and Budget	279,000
Office of National Drug Control Policy	45,000
Office of Policy Development	36,507
Office of Science and Technology Policy	73,000
Office of the Vice President	13,690
United States Secret Service	25,000
United States Trade Representative	175,000
White House Communications Agency	258,737
White House Office	599,196
TOTAL	$1,944,046

Copies of all work order changes issued after the date the contracts follow.

AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT

1. CONTRACT ID CODE | PAGE OF PAGES: 1 | 2

2. AMENDMENT/MODIFICATION NO.: 10
3. EFFECTIVE DATE: FEB 10, 1994
4. REQUISITION/PURCHASE REQ. NO.: MIPR #VS4W1A448026MP
5. PROJECT NO. (If applicable): DELIVERY ORDER #08

6. ISSUED BY / CODE:
ECUTIVE OFFICE OF THE PRESIDENT, OFFICE OF
ADMINISTRATION, PROCUREMENT BRANCH, ROOM 5001
725 17TH STREET, N.W.; WASHINGTON, DC 20503
TELEPHONE: (202) 395-3314

7. ADMINISTERED BY (If other than Item 6) / CODE:

8. NAME AND ADDRESS OF CONTRACTOR (No., street, county, State and ZIP Code):

AMERICAN TELEPHONE & TELEGRAPH
GLOBAL BUSINESS COMMUNICATIONS SYSTEMS
FEDERAL MARKETS GROUP
8403 COLESVILLE ROAD
SILVER SPRING, MD 20910-3314

ATTN: GILBERT DOMINGUEZ

CODE / FACILITY CODE

(X) 9A. AMENDMENT OF SOLICITATION NO.:

9B. DATED (SEE ITEM 11):

10A. MODIFICATION OF CONTRACT/ORDER NO.: OA3C11

10B. DATED (SEE ITEM 13): JUN 21, 1994

11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS

☐ The above numbered solicitation is amended as set forth in Item 14. The hour and date specified for receipt of Offers ☐ is extended, ☐ is not extended.

Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended, by one of the following methods: (a) By completing Items 8 and 15, and returning _____ copies of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.

12. ACCOUNTING AND APPROPRIATION DATA (If required)

9740100.4300 001 P42601 VSU 2322 VS4W1A448026MP S33181 APC W1A400 INCREASE: $25,000 (WHCA)

13. THIS ITEM APPLIES ONLY TO MODIFICATIONS OF CONTRACTS/ORDERS, IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.

(X) A. THIS CHANGE ORDER IS ISSUED PURSUANT TO: (Specify authority) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A.

☐ B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (such as changes in paying office, appropriation date, etc.) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103(b).

☐ C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF:

X D. OTHER (Specify type of modification and authority)
IN ACCORDANCE WITH CONTRACT CLAUSE H.25

E. IMPORTANT: Contractor [X] is not, ☐ is required to sign this document and return _____ copies to the issuing office.

14. DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by UCF section headings, including solicitation/contract subject matter where feasible.)

THE ABOVE REFERENCED CONTRACT IS HEREBY MODIFIED TO INCLUDE THE FOLLOWING:

*** SEE ATTACHED DELIVERY ORDER NUMBER 08 ***

AS A RESULT OF THE ATTACHED DELIVERY ORDER, CONTRACT TOTAL DOLLAR AMOUNT NOW READS $854,982.92.

Except as provided herein, all terms and conditions of the document referenced in Item 9A or 10A, as heretofore changed, remains unchanged and in full force and effect.

15A. NAME AND TITLE OF SIGNER (Type or print):

15B. CONTRACTOR/OFFEROR
(Signature of person authorized to sign)

15C. DATE SIGNED:

16A. NAME AND TITLE OF CONTRACTING OFFICER (Type or print):
DALE HELMS

16B. UNITED STATES OF AMERICA
BY (Signature of Contracting Officer)

16C. DATE SIGNED: FEB 16, 1994

Contract OA3C11
Mod #10
Delivery Order #08

(1) The above referenced Delivery Order is issued to acquire routine and emergency services/materials through the EOP Telephone Service Office (TSO) as may be required. All services/materials provided shall be billed in accordance with the prices as detailed in the applicable contract pricing schedules.

The services described below will be provided as ad-hoc telecommunications support and is hereby identified as contract line item (CLIN-0013C).

Clin	Description	Qty	Price	Total
0013C	Ad-hoc telephone services for installation moves and service changes, that involve stations, features, and associated cabling & wiring performed on a time and material basis as may be required.	LOT	25,000	$25,000.00
	TOTAL.....			**$25,000.00**

(2) **Delivery**: The above ordered services/materials will be delivered as required.

(3) **Authorized Individuals To Place TSR Orders**:

Phillip Bonds (WHCA)
Samuel E. Timmons (WHCA)
Eric G. Parsons (WHCA)
James E. Webb (WHCA)

(4) **Delivery Point**: To be specified as submitted under a Telephone Service Request (TSR).

(5) **Invoicing**

Submit invoices to:

White House Communications Agency
Resources Mgmt. Div., Accounting Branch
Bldg #399, Anacostia
Washington, D.C. 20374-5065

AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT

2. CONTRACT ID CODE	PAGE OF PAGES
	1 1

3. AMENDMENT/MODIFICATION NO.	4. EFFECTIVE DATE	5. REQUISITION/PURCHASE REQ. NO.	6. PROJECT NO. (If applicable)
09	DEC 28, 1993	R726520	

6. ISSUED BY — CODE

EXECUTIVE OFFICE OF THE PRESIDENT; OFFICE OF
ADMINISTRATION; PROCUREMENT BRANCH;
NEOB, RM. 5001, 725 17TH STREET, NW;
WASHINGTON, DC 20503; (202) 395-3311

7. ADMINISTERED BY (If other than Item 6) — CODE

8. NAME AND ADDRESS OF CONTRACTOR (No., street, county, State and ZIP Code)

AMERICAN TELEPHONE & TELEGRAPH
GLOBAL BUSINESS COMMUNICATIONS SYSTEMS
FEDERAL MARKETS GROUP
8403 COLESVILLE ROAD
SILVER SPRING, MD 20910-3314
CONTACT: PAUL MCQUILLAN
CODE PH: 202-456-6400 FACILITY CODE

(X) 9A. AMENDMENT OF SOLICITATION NO.

9B. DATED (SEE ITEM 11)

10A. MODIFICATION OF CONTRACT/ORDER NO.
OA3C11

10B. DATED (SEE ITEM 13)

11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS

☐ The above numbered solicitation is amended as set forth in Item 14. The hour and date specified for receipt of Offers ☐ is extended, ☐ is not extended.

Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended, by one of the following methods:

(a) By completing Items 8 and 15, and returning _____ copies of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.

12. ACCOUNTING AND APPROPRIATION DATA (If required)

1140038 1140038 I:F118E 0:233101 (OA)INCREASE $394965.00

13. THIS ITEM APPLIES ONLY TO MODIFICATIONS OF CONTRACTS/ORDERS,
IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.

(X) A. THIS CHANGE ORDER IS ISSUED PURSUANT TO: (Specify authority) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A.

B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (such as changes in paying office, appropriation date, etc.) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103(b).

C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF:

D. OTHER (Specify type of modification and authority)

X IN ACCORDANCE WITH CLAUSE H.25

E. IMPORTANT: Contractor ☒ is not, ☐ is required to sign this document and return _____ copies to the issuing office.

14. DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by UCF section headings, including solicitation/contract subject matter where feasible.)

MODIFY AT&T CONTRACT OA3C11 TO INCLUDE OPERATION OF TSO FOR THE PERIOD JANUARY 01 THROUGH SEPTEMBER 30, 1994. AS A RESULT OF THIS ACTION THE CONTRACT TOTAL NOW READS $829,982.92.

DE-DEP1

Except as provided herein, all terms and conditions of the document referenced in Item 9A or 10A, as heretofore changed, remains unchanged and in full force and effect.

15A. NAME AND TITLE OF SIGNER (Type or print)		16A. NAME AND TITLE OF CONTRACTING OFFICER (Type or print)	
		Robert Dale Helms	
15B. CONTRACTOR/OFFEROR (Signature of person authorized to sign)	15C. DATE SIGNED	16B. UNITED STATES OF AMERICA BY (Signature of Contracting Officer)	16C. DATE SIGNED 12/23/93

NSN 7540-01-152-8070
PREVIOUS EDITION UNUSABLE

30-105

STANDARD FORM 30 (REV. 10-83)
Prescribed by GSA
FAR (48 CFR) 53.243

AMENDMENT OF SOLICITAT. /MODIFICATION OF CONTRACT | CONTRACT ID CODE | PAGE OF PAGES

2. AMENDMENT/MODIFICATION NO.	3. EFFECTIVE DATE	4. REQUISITION/PURCHASE REQ. NO.	5. PROJECT NO. (If applicable)
08	NOV 9, 1993	RVP4095	

6. ISSUED BY — CODE

EXECUTIVE OFFICE OF THE PRESIDENT; OFFICE OF ADMINISTRATION; PROCUREMENT BRANCH; NEOB, RM. 5001, 725 17TH STREET, NW; WASHINGTON, DC 20503; (202) 395-3314

7. ADMINISTERED BY (If other than Item 6) — CODE

8. NAME AND ADDRESS OF CONTRACTOR (No., street, county, State and ZIP Code) — (X)

AMERICAN TELEPHONE & TELEGRAPH
GLOBAL BUSINESS COMMUNICATIONS SYSTEMS
FEDERAL MARKETS GROUP
8403 COLESVILLE ROAD
SILVER SPRING, MD 20910-3314
ATTN: GILBERT DOMINGUEZ

CODE — FACILITY CODE

9A. AMENDMENT OF SOLICITATION NO.

9B. DATED (SEE ITEM 11)

10A. MODIFICATION OF CONTRACT/ORDER NO.
OA3C11

10B. DATED (SEE ITEM 13)
JUN 21, 1993

11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS

☐ The above numbered solicitation is amended as set forth in Item 14. The hour and date specified for receipt of Offers ☐ is extended, ☐ is not extended.

Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended, by one of the following methods:

(a) By completing Items 8 and 15, and returning _____ copies of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.

12. ACCOUNTING AND APPROPRIATION DATA (If required)

1141A5A I: C100A O: 233101 DECREASE: - $19,620.00

13. THIS ITEM APPLIES ONLY TO MODIFICATIONS OF CONTRACTS/ORDERS, IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.

☐ A. THIS CHANGE ORDER IS ISSUED PURSUANT TO: (Specify authority) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A.

☐ B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (such as changes in paying office, appropriation date, etc.) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103(b).

☒ C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF:

☐ D. OTHER (Specify type of modification and authority)

E. IMPORTANT: Contractor ☒ is not, ☐ is required to sign this document and return _____ copies to the issuing office.

14. DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by UCF section headings, including solicitation/contract subject matter where feasible.)

THE ABOVE REFERENCED CONTRACT IS HEREBY MODIFIED AS FOLLOWS:

(1) UNDER DELIVERY ORDER NUMBER #04, 8510-T VOICE INSTRUMENTS (CLIN-0004A)
ORDERED QUANTITY IS DECREASED FROM: 161 EACH
BY: - 90 EACH
TO: 71 EACH
AS A RESULT OF THIS LOWER QUANTITY, TOTAL DOLLAR AMOUNT OF ORDER IS
DECREASED FROM: 42,298.00
BY: -19,620.00
TO: $22,678.00

AS A RESULT OF THIS MODIFICATION, CONTRACT TOTAL NOW READS $435,017.92

Except as provided herein, all terms and conditions of the document referenced in Item 9A or 10A, as heretofore changed, remains unchanged and in full force and effect.

15A. NAME AND TITLE OF SIGNER (Type or print)	16A. NAME AND TITLE OF CONTRACTING OFFICER (Type or print)
	THOMAS L. TAYLOR
15B. CONTRACTOR/OFFEROR (Signature of person authorized to sign)	15C. DATE SIGNED
	16B. UNITED STATES OF AMERICA BY Thomas L. Taylor (Signature of Contracting Officer)
	16C. DATE SIGNED NOV 9, 1993

NSN 7540-01-152-8070 — 30-105 — STANDARD FORM 30 (REV. 10-83)
PREVIOUS EDITION UNUSABLE — Prescribed by GSA FAR (48 CFR) 53.243

AMENDMENT OF SOLICITATI../MODIFICATION OF CONTRACT | CONTRACT ID CODE | PAGE OF PAGES

2. AMENDMENT/MODIFICATION NO.	3. EFFECTIVE DATE	4. REQUISITION/PURCHASE REQ. NO.	5. PROJECT NO. (If applicable)
07	SEP 30, 1993	R273434	DEL. ORDER #06

6. ISSUED BY CODE

EXECUTIVE OFFICE OF THE PRESIDENT; OFFICE OF ADMINISTRATION; PROCUREMENT BRANCH; NEOB, RM. 5001, 725 17TH STREET, NW; WASHINGTON DC 20503; (202) 395-3314

7. ADMINISTERED BY (If other than Item 6) CODE

8. NAME AND ADDRESS OF CONTRACTOR (No., street, county, State and ZIP Code)

AT&T
GLOBAL BUSINESS COMMUNICATIONS SYSTEMS
FEDERAL MARKETS GROUP
8403 COLESVILLE ROAD
SILVER SPRING, MD 20910-3314
ATTN: GILBERT DOMINGUEZ
CODE PH: 301-608-4011 FACILITY CODE

(x) 9A. AMENDMENT OF SOLICITATION NO.

9B. DATED (SEE ITEM 11)

10A. MODIFICATION OF CONTRACT/ORDER NO.
OA3C11

10B. DATED (SEE ITEM 13)
JUN 21, 1993

11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS

☐ The above numbered solicitation is amended as set forth in Item 14. The hour and date specified for receipt of Offers ☐ is extended, ☐ is not extended.

Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended, by one of the following methods:

(a) By completing Items 8 and 15, and returning _____ copies of the amendment. (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.

12. ACCOUNTING AND APPROPRIATION DATA (If required)

1130038 I: E116M O: 310202 (OA) INCREASE: $70,196.00

13. THIS ITEM APPLIES ONLY TO MODIFICATIONS OF CONTRACTS/ORDERS, IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.

A. THIS CHANGE ORDER IS ISSUED PURSUANT TO: (Specify authority) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A.

B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (such as changes in paying office, appropriation date, etc.) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103(b).

C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF:

D. OTHER (Specify type of modification and authority)

X IN ACCORDANCE WITH CONTRACT CLAUSE H.25

E. IMPORTANT: Contractor ☒ is not, ☐ is required to sign this document and return _____ copies to the issuing office.

14. DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by UCF section headings, including solicitation/contract subject matter where feasible.)

THE ABOVE REFERENCED CONTRACT IS HEREBY MODIFIED TO INCLUDE THE FOLLOWING:

*** SEE ATTACHED DELIVERY ORDER NUMBER 06 ***

AS A RESULT OF THE ATTACHED DELIVERY ORDER, CONTRACT TOTAL DOLLAR AMOUNT NOW READS $454,637.92.

Except as provided herein, all terms and conditions of the document referenced in Item 9A or 10A, as heretofore changed, remains unchanged and in full force and effect.

15A. NAME AND TITLE OF SIGNER (Type or print)		16A. NAME AND TITLE OF CONTRACTING OFFICER (Type or print)	
		THOMAS L. TAYLOR	
15B. CONTRACTOR/OFFEROR	15C. DATE SIGNED	16B. UNITED STATES OF AMERICA	16C. DATE SIGNED
(Signature of person authorized to sign)		BY Thomas L. Taylor (Signature of Contracting Officer)	SEP 30, 1993

NSN 7540-01-152-6070
PREVIOUS EDITION UNUSABLE

30-105

STANDARD FORM 30 (REV. 10-83)
Prescribed by GSA
FAR (48 CFR) 53.243

Contract OA3C11
Mod #07
Delivery Order #06

(1) The above referenced Delivery Order is issued for the purchase of the following:

Clin	Description	Qty	Unit Price	Total
0004A	8510-T ISDN Voice	322	218.00	70,196.00
	TOTAL.....			**$70,196.00**

(2) **Delivery**: The above ordered equipment shall be delivered by December 3, 1993.

(3) **COTR**: Larry Jurcich (OA) Phone: (202) 395-7323

(4) **Delivery Point**: EOPOA Warehouse, Washington Navy Yard
1 ST & N Place S.E., Bldg. #136
Washington D.C. , 20003
Attn: **Larry Jurcich**

(5) **Invoicing**

Submit invoices to:

Office of Administration
Information Resources Mgmt. Div.
725 17th Street, N.W.; Rm 4208
Washington, D.C. 20503
Attn: James MacDonald Jr.

AMENDMENT OF SOLICITATI /MODIFICATION OF CONTRACT	I CONTRACT ID CODE	PAGE OF PAGES

2. AMENDMENT/MODIFICATION NO.	3. EFFECTIVE DATE	4. REQUISITION/PURCHASE REQ. NO.	5. PROJECT NO. (If applicable)
06	SEP 30, 1993	RMB3015 RMB3120	DEL. ORDER #05

6. ISSUED BY CODE

7. ADMINISTERED BY (If other than Item 6) CODE

EXECUTIVE OFFICE OF THE PRESIDENT; OFFICE OF
ADMINISTRATION; PROCUREMENT BRANCH;
NEOB, RM. 5001, 725 17TH STREET, NW;
WASHINGTON, DC 20503 (202) 395-3314

8. NAME AND ADDRESS OF CONTRACTOR (No., street, county, State and ZIP Code)

AMERICAN TELEPHONE & TELEGRAPH
GLOBAL BUSINESS COMMUNICATIONS SYSTEMS
FEDERAL MARKETS GROUP
8403 COLESVILLE ROAD
SILVER SPRING, MD 20910-3314
ATTN: GILBERT DOMINGUEZ

CODE FACILITY CODE

(x) 9A. AMENDMENT OF SOLICITATION NO.

9B. DATED (SEE ITEM 11)

10A. MODIFICATION OF CONTRACT/ORDER NO.
0A3C11

10B. DATED (SEE ITEM 13)
JUN 21, 1993

11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS

☐ The above numbered solicitation is amended as set forth in Item 14. The hour and date specified for receipt of Offers ☐ is extended, ☐ is not extended.

Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended, by one of the following methods:

(a) By completing Items 8 and 15, and returning _____ copies of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.

12. ACCOUNTING AND APPROPRIATION DATA (If required)

~~1130300 DIV: 140 OC: 52 (OMB) INCREASE: $143,750.00~~

13. THIS ITEM APPLIES ONLY TO MODIFICATIONS OF CONTRACTS/ORDERS, IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.

A. THIS CHANGE ORDER IS ISSUED PURSUANT TO: (Specify authority) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A.

B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (such as changes in paying office, appropriation date, etc.) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103(b).

C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF:

D. OTHER (Specify type of modification and authority)

X IN ACCORDANCE WITH CONTRACT CLAUSE H.25

E. IMPORTANT: Contractor ☒ is not, ☐ is required to sign this document and return _____ copies to the issuing office.

14. DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by UCF section headings, including solicitation/contract subject matter where feasible.)

THE ABOVE REFERENCED CONTRACT IS HEREBY MODIFIED TO INCLUDE THE FOLLOWING:

*** SEE ATTACHED DELIVERY ORDER NUMBER 05 ***

AS A RESULT OF THE ATTACHED DELIVERY ORDER, CONTRACT TOTAL DOLLAR AMOUNT NOW READS $384,441.92.

Except as provided herein, all terms and conditions of the document referenced in Item 9A or 10A, as heretofore changed, remains unchanged and in full force and effect.

15A. NAME AND TITLE OF SIGNER (Type or print)	16A. NAME AND TITLE OF CONTRACTING OFFICER (Type or print)
	THOMAS L. TAYLOR
15B. CONTRACTOR/OFFEROR (Signature of person authorized to sign)	15C. DATE SIGNED
	16B. UNITED STATES OF AMERICA BY Thomas L. Taylor (Signature of Contracting Officer)
	16C. DATE SIGNED SEP 30, 1993

NSN 7540-01-152-8070
PREVIOUS EDITION UNUSABLE

30-105

STANDARD FORM 30 (REV. 10-83)
Prescribed by GSA
FAR (48 CFR) 53.243

Contract OA3C11
Mod #06
Delivery Order #05

(1) The above referenced Delivery Order is issued for the purchase of the following:

Clin	Description	Qty	Unit Price	Total
0004A	8510-T ISDN Voice	625	218.00	136,250.00
0004B	7506-D ISDN TSG approved Terminal	25	300.00	7,500.00
	TOTAL.....			**$143,750.00**

(2) **Delivery**: The above ordered equipment shall be delivered by February 3, 1994.

(3) **COTR**: Jack Arthur (OMB) Phone: (202) 395-7250

(4) **Delivery Point**: EOPOA Warehouse, Washington Navy Yard
1 ST & N Place S.E., Bldg. #136
Washington D.C. , 20003
Attn: **Jack Arthur**

(5) **Invoicing**

Submit invoices to:

Office of Management and Budget
725 17th Street, N.W.
Washington, D.C. 20503
Attn: Linda Mann, Rm 9026

AMENDMENT OF SOLICITATI /MODIFICATION OF CONTRACT	CONTRACT ID CODE	PAGE OF PAGES
		1

2. AMENDMENT/MODIFICATION NO.	3. EFFECTIVE DATE	4. REQUISITION/PURCHASE REQ. NO.	5. PROJECT NO. (If applicable)
05	SEP 30, 1993	RVP3068 RVP3071	DEL. ORDER #04

6. ISSUED BY CODE

EXECUTIVE OFFICE OF THE PRESIDENT; OFFICE OF
ADMINISTRATION; PROCUREMENT BRANCH;
NEOB, RM. 5001, 725 17TH STREET, NW;
WASHINGTON, DC 20503; (202) 395-3311

7. ADMINISTERED BY (If other than Item 6) CODE

8. NAME AND ADDRESS OF CONTRACTOR (No., street, county, State and ZIP Code)

AMERICAN TELEPHONE & TELEGRAPH
GLOBAL BUSINESS COMMUNICATIONS SYSTEMS
FEDERAL MARKETS GROUP
8403 COLESVILLE ROAD
SILVER SPRING, MD 20910-3314
ATTN: GILBERT DOMINGUEZ

CODE FACILITY CODE

(X) 9A. AMENDMENT OF SOLICITATION NO.

9B. DATED (SEE ITEM 11)

10A. MODIFICATION OF CONTRACT/ORDER NO. 0A3C11

10B. DATED (SEE ITEM 13) JUN 21, 1993

11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS

☐ The above numbered solicitation is amended as set forth in Item 14. The hour and date specified for receipt of Offers ☐ is extended, ☐ is not extended.

Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended, by one of the following methods:

(a) By completing Items 8 and 15, and returning _____ copies of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.

12. ACCOUNTING AND APPROPRIATION DATA (If required)

1131454 DIV: 100 OC: 52 (OVP) INCREASE: $42,298.00

13. THIS ITEM APPLIES ONLY TO MODIFICATIONS OF CONTRACTS/ORDERS, IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.

A. THIS CHANGE ORDER IS ISSUED PURSUANT TO: (Specify authority) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A.

B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (such as changes in paying office, appropriation data, etc.) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103(b).

C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF:

D. OTHER (Specify type of modification and authority)

X IN ACCORDANCE WITH CONTRACT CLAUSE H.25

E. IMPORTANT: Contractor ☒ is not, ☐ is required to sign this document and return _____ copies to the issuing office.

14. DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by UCF section headings, including solicitation/contract subject matter where feasible.)

THE ABOVE REFERENCED CONTRACT IS HEREBY MODIFIED TO INCLUDE THE FOLLOWING:

*** SEE ATTACHED DELIVERY ORDER NUMBER 04 ***

AS A RESULT OF THE ATTACHED DELIVERY ORDER, CONTRACT TOTAL DOLLAR AMOUNT NOW READS $240,691.92.

Except as provided herein, all terms and conditions of the document referenced in Item 9A or 10A, as heretofore changed, remains unchanged and in full force and effect.

15A. NAME AND TITLE OF SIGNER (Type or print)		16A. NAME AND TITLE OF CONTRACTING OFFICER (Type or print)	
		THOMAS L. TAYLOR	
15B. CONTRACTOR/OFFEROR (Signature of person authorized to sign)	15C. DATE SIGNED	16B. UNITED STATES OF AMERICA BY Thomas L. Taylor (Signature of Contracting Officer)	16C. DATE SIGNED SEP 30, 1993

NSN 7540-01-152-8070
PREVIOUS EDITION UNUSABLE

30-105

STANDARD FORM 30 (REV. 10-83)
Prescribed by GSA
FAR (48 CFR) 53.243

Contract OA3C11
Mod #05
Delivery Order #04

- 19,620.00

(1) The above referenced Delivery Order is issued for the purchase of the following:

Clin	Description	Qty	Unit Price	Total
0004A	8510-T ISDN Voice	161 - 90	218.00	35,098.00 15,478
0004B	7506-D ISDN TSG approved Terminal	24	300.00	7,200.00 22,678
	TOTAL.....			**$42,298.00**

(2) **Delivery**: The above ordered equipment shall be delivered by January 3, 1994.

(3) **COTR**: Michael Gill (OVP) Phone: (202) 456-7045

(4) **Delivery Point**: EOPOA Warehouse, Washington Navy Yard
1 ST & N Place S.E., Bldg. #136
Washington D.C. , 20003
Attn: **Michael Gill**

(5) **Invoicing**

Submit invoices to:

Office of the Vice President
17th & Pennsylvania Avenue; N.W.
Washington, DC 20500
Attn: Michael Gill, Rm 276 1/2 OEOB

AMENDMENT OF SOLICITATIO .MODIFICATION OF CONTRACT | CONTRACT ID CODE | PAGE OF PAGES

2. AMENDMENT/MODIFICATION NO.	3. EFFECTIVE DATE	4. REQUISITION/PURCHASE REQ. NO.	5. PROJECT NO. (If applicable)
04	SEP 30, 1993	REA3242	DEL. ORDER #03

6. ISSUED BY CODE

7. ADMINISTERED BY (If other than Item 6) CODE

EXECUTIVE OFFICE OF THE PRESIDENT; OFFICE OF ADMINISTRATION; PROCUREMENT BRANCH; NEOB, RM. 5001, 725 17TH STREET, NW; WASHINGTON DC 20503 (202) 395-3314

8. NAME AND ADDRESS OF CONTRACTOR (No., street, county, State and ZIP Code)

AMERICAN TELEPHONE & TELEGRAPH
GLOBAL BUSINESS COMMUNICATIONS SYSTEMS
FEDERAL MARKETS GROUP
8403 COLESVILLE ROAD
SILVER SPRING, MD 20910-3314
ATTN: GILBERT DOMINGUEZ

CODE FACILITY CODE

(X) 9A. AMENDMENT OF SOLICITATION NO.

9B. DATED (SEE ITEM 11)

10A. MODIFICATION OF CONTRACT/ORDER NO. OA3C11

10B. DATED (SEE ITEM 13) JUN 21, 1993

11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS

☐ The above numbered solicitation is amended as set forth in Item 14. The hour and date specified for receipt of Offers ☐ is extended, ☐ is not extended.

Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended, by one of the following methods: (a) By completing Items 8 and 15, and returning _____ copies of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.

12. ACCOUNTING AND APPROPRIATION DATA (If required)

1121000 I: H101M O: 210106 (CEA) INCREASE: $15,000.00

13. THIS ITEM APPLIES ONLY TO MODIFICATIONS OF CONTRACTS/ORDERS, IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.

A. THIS CHANGE ORDER IS ISSUED PURSUANT TO: (Specify authority) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A.

B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (such as changes in paying office, appropriation data, etc.) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103(b).

C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF:

D. OTHER (Specify type of modification and authority)

X IN ACCORDANCE WITH CONTRACT CLAUSE H.25

E. IMPORTANT: Contractor ☒ is not, ☐ is required to sign this document and return _____ copies to the issuing office.

14. DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by UCF section headings, including solicitation/contract subject matter where feasible.)

THE ABOVE REFERENCED CONTRACT IS HEREBY MODIFIED TO INCLUDE THE FOLLOWING:

*** SEE ATTACHED DELIVERY ORDER NUMBER 03 ***

AS A RESULT OF THE ATTACHED DELIVERY ORDER, CONTRACT TOTAL DOLLAR AMOUNT NOW READS $198,393.92.

Except as provided herein, all terms and conditions of the document referenced in Item 9A or 10A, as heretofore changed, remains unchanged and in full force and effect.

15A. NAME AND TITLE OF SIGNER (Type or print)		16A. NAME AND TITLE OF CONTRACTING OFFICER (Type or print)	
15B. CONTRACTOR/OFFEROR (Signature of person authorized to sign)	15C. DATE SIGNED	16B. UNITED STATES OF AMERICA BY THOMAS L. TAYLOR (Signature of Contracting Officer)	16C. DATE SIGNED SEP 30, 1993

NSN 7540-01-152-8070 PREVIOUS EDITION UNUSABLE

30-105

STANDARD FORM 30 (REV. 10-83) Prescribed by GSA FAR (48 CFR) 53.243

Contract OA3C11
Mod #04
Delivery Order #03

(1) The above referenced Delivery Order is issued for the purchase of the following:

Clin	Description	Qty	Unit Price	Total
0004B	7506-D ISDN TSG approved Terminal	52	300.00	15,900.00
	TOTAL.....			$15,900.00

(2) Delivery: The above ordered equipment shall be delivered by March 1, 1994.

(3) COTR: Elizabeth Kaminski (CEA) Phone: (202) 395-5107

(4) Delivery Point: EOPOA Warehouse, Washington Navy Yard
1 ST & N Place S.E., Bldg. #136
Washington D.C. , 20003
Attn: **Elizabeth Kaminski**

(5) Invoicing

Submit invoices to:

Council of Economic Adviser
17th & Pa. Ave.; N.W.
Washington, DC 20500
Attn: Elizabeth Kaminski, Rm 420 OEOB

AMENDMENT OF SOLICITATI /MODIFICATION OF CONTRACT

1. CONTRACT ID CODE	PAGE OF PAGES
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2. AMENDMENT/MODIFICATION NO.	3. EFFECTIVE DATE	4. REQUISITION/PURCHASE REQ. NO.	5. PROJECT NO. (If applicable)
02	SEP 30, 1993	PTN3853	DEL. ORDER #02

6. ISSUED BY	CODE	7. ADMINISTERED BY (If other than Item 6)	CODE
EXECUTIVE OFFICE OF THE PRESIDENT; OFFICE OF ADMINISTRATION; PROCUREMENT BRANCH; NEOB, RM. 5001, 725 17TH STREET, NW; WASHINGTON, DC 20503; (202) 395-3314			

8. NAME AND ADDRESS OF CONTRACTOR (No., street, county, State and ZIP Code)	(x)	9A. AMENDMENT OF SOLICITATION NO.
AMERICAN TELEPHONE & TELEGRAPH GLOBAL BUSINESS COMMUNICATIONS SYSTEMS FEDERAL MARKETS GROUP 8403 COLESVILLE ROAD SILVER SPRING, MD 20910-3314 ATTN: GILBERT DOMINGUEZ		9B. DATED (SEE ITEM 11) 10A. MODIFICATION OF CONTRACT/ORDER NO. 0A3C11 10B. DATED (SEE ITEM 13) JUN 21, 1993
CODE	FACILITY CODE	

11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS

☐ The above numbered solicitation is amended as set forth in Item 14. The hour and date specified for receipt of Offers ☐ is extended, ☐ is not extended.

Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended, by one of the following methods:

(a) By completing Items 8 and 15, and returning _____ copies of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes references to the solicitation and this amendment, and is received prior to the opening hour and date specified

12. ACCOUNTING AND APPROPRIATION DATA *(If required)*

1130400 DIV: 122 (USTR) OC: 96 INCREASE: $41,420.00

13. THIS ITEM APPLIES ONLY TO MODIFICATIONS OF CONTRACTS/ORDERS, IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.

A. THIS CHANGE ORDER IS ISSUED PURSUANT TO: *(Specify authority)* THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A.

B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES *(such as changes in paying office, appropriation date, etc.)* SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103(b).

C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF:

D. OTHER *(Specify type of modification and authority)*

X IN ACCORDANCE WITH CONTRACT CLAUSE H.25

E. IMPORTANT: Contractor ☒ is not, ☐ is required to sign this document and return _____ copies to the issuing office.

14. DESCRIPTION OF AMENDMENT/MODIFICATION *(Organized by UCF section headings, including solicitation/contract subject matter where feasible.)*

THE ABOVE REFERENCED CONTRACT IS HEREBY MODIFIED TO INCLUDE THE FOLLOWING:

*** SEE ATTACHED DELIVERY ORDER NUMBER 02 ***

AS A RESULT OF THE ATTACHED DELIVERY ORDER, CONTRACT TOTAL DOLLAR AMOUNT NOW READS $182,493.92.

Except as provided herein, all terms and conditions of the document referenced in Item 9A or 10A, as heretofore changed, remains unchanged and in full force and effect.

15A. NAME AND TITLE OF SIGNER *(Type or print)*		16A. NAME AND TITLE OF CONTRACTING OFFICER *(Type or print)*	
15B. CONTRACTOR/OFFEROR *(Signature of person authorized to sign)*	15C. DATE SIGNED	16B. UNITED STATES OF AMERICA BY THOMAS L. TAYLOR Thomas L. Taylor *(Signature of Contracting Officer)*	16C. DATE SIGNED SEP 30, 1993

NSN 7540-01-152-8070
PREVIOUS EDITION UNUSABLE

30-105

STANDARD FORM 30 (REV. 10-83)
Prescribed by GSA
FAR (48 CFR) 53.243

Contract OA3C11
Mod #03
Delivery Order #02

(1) The above referenced Delivery Order is issued for the purchase of the following:

Clin	Description	Qty	Unit Price	Total
0004A	8510-T ISDN Voice Terminal	190	218.00	41,420.00
	TOTAL.....			**$41,420.00**

(2) **Delivery**: The above ordered equipment shall be delivered by March 1, 1994.

(3) **COTR**: Johnathan Johnson (USTR) Phone: (202) 395-4990

(4) **Delivery Point**: EOPOA Warehouse, Washington Navy Yard
1 ST & N Place S.E., Bldg. #136
Washington D.C. , 20003
Attn: **Johnathan Johnson**

(5) **Invoicing**

Submit invoices to:

Office of U.S. Trade Representative
600 17th Street, N.W.
Washington, D.C. 20506
Attn: Sam Besachio, Room 118 Winder Bldg.

AMENDMENT OF SOLICITATIC ,MODIFICATION OF CONTRACT	CONTRACT ID CODE	PAGE OF PAGES

2. AMENDMENT/MODIFICATION NO.	3. EFFECTIVE DATE	4. REQUISITION/PURCHASE REQ. NO.	5. PROJECT NO. (If applicable)
02	SEP 30, 1993	R773338	DEL. ORDER #01 1

6. ISSUED BY CODE

EXECUTIVE OFFICE OF THE PRESIDENT; OFFICE OF
ADMINISTRATION; PROCUREMENT BRANCH;
NEOB, RM. 5001, 725 17TH STREET, NW;
WASHINGTON, DC 20503 (202) 395-3314

7. ADMINISTERED BY *(If other than Item 6)* CODE

8. NAME AND ADDRESS OF CONTRACTOR *(No., street, county, State and ZIP Code)*

AMERICAN TELEPHONE & TELEGRAPH
GLOBAL BUSINESS COMMUNICATIONS SYSTEMS
FEDERAL MARKETS GROUP
8403 COLESVILLE ROAD
SILVER SPRING, MD 20910-3314
ATTN: GILBERT DOMINGUEZ

CODE PH: 301-608-4011 FACILITY CODE

(x) 9A. AMENDMENT OF SOLICITATION NO.

9B. DATED *(SEE ITEM 11)*

10A. MODIFICATION OF CONTRACT/ORDER NO.
OA3C11

10B. DATED *(SEE ITEM 13)*
JUN 21, 1993

11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS

☐ The above numbered solicitation is amended as set forth in Item 14. The hour and date specified for receipt of Offers ☐ is extended, ☐ is not extended.

Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended, by one of the following methods:

(a) By completing Items 8 and 15, and returning _____ copies of the amendment. (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.

12. ACCOUNTING AND APPROPRIATION DATA *(If required)*

1130038 I: E123Q OC: 233101 (OA) INCREASE: $141,073.92

13. THIS ITEM APPLIES ONLY TO MODIFICATIONS OF CONTRACTS/ORDERS, IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.

A. THIS CHANGE ORDER IS ISSUED PURSUANT TO: *(Specify authority)* THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A.

B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES *(such as changes in paying office, appropriation date, etc.)* SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103(b).

C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF:

D. OTHER *(Specify type of modification and authority)*

X IN ACCORDANCE WITH CONTRACT CLAUSE H.25

E. IMPORTANT: Contractor ☒ is not, ☐ is required to sign this document and return _____ copies to the issuing office.

14. DESCRIPTION OF AMENDMENT/MODIFICATION *(Organized by UCF section headings, including solicitation/contract subject matter where feasible.)*

THE ABOVE REFERENCED CONTRACT IS HEREBY MODIFIED TO INCLUDE THE FOLLOWING:

*** SEE ATTACHED DELIVERY ORDER NUMBER #01 ***

AS A RESULT OF THE ATTACHED DELIVERY ORDER, CONTRACT TOTAL DOLLAR AMOUNT NOW READS $141,073.92.

Except as provided herein, all terms and conditions of the document referenced in Item 9A or 10A, as heretofore changed, remains unchanged and in full force and effect.

15A. NAME AND TITLE OF SIGNER *(Type or print)*		16A. NAME AND TITLE OF CONTRACTING OFFICER *(Type or print)*	
15B. CONTRACTOR/OFFEROR *(Signature of person authorized to sign)*	15C. DATE SIGNED	16B. UNITED STATES OF AMERICA BY THOMAS L. TAYLOR *(Signature of Contracting Officer)*	16C. DATE SIGNED SEP 30, 1993

NSN 7540-01-152-8070
PREVIOUS EDITION UNUSABLE

30-105

STANDARD FORM 30 (REV. 10-83)
Prescribed by GSA
FAR (48 CFR) 53.243

Contract OA3C11
Mod #02
Delivery Order #01

(1) The above referenced Delivery Order is issued for the purchase of the following:

Clin	Description	Qty	Unit Price	Total
001	System management Hardware & Software installation	1	58,685	58,685.00
002	Conference Bridge	1	13,842	13,842.00
003	Dual Source Dial Tone	lot	14,928	14,928.00
005A	Consoles	9	784.88	7,063.92
007	Voice Mail	lot	1.00	1.00
008	Voice Processing	2	23,277.00	46,554.00
	TOTAL.....			$141,073.92

(2) **Delivery**: The above ordered equipment shall be delivered by December 3, 1993.

(3) **COTR**: Larry Jurcich (OA) Phone: (202) 395-7323

(4) **Delivery Point**: EOPOA Warehouse, Washington Navy Yard
1 ST & N Place S.E., Bldg. #136
Washington D.C. , 20003
Attn: Larry Jurcich

(5) **Invoicing**

Submit invoices to:

Office of Administration
Information Resources Mgmt. Div.
725 17th Street, N.W.; Rm 4208
Washington, D.C. 20503
Attn: James MacDonald Jr.

AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT

1. CONTRACT ID CODE	PAGE OF PAGES
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2. AMENDMENT/MODIFICATION NO.	3. EFFECTIVE DATE	4. REQUISITION/PURCHASE REQ. NO.	5. PROJECT NO. (If applicable)
01	SEP 30, 1993	2723336	

6. ISSUED BY	CODE	7. ADMINISTERED BY (If other than Item 6)	CODE
EXECUTIVE OFFICE OF THE PRESIDENT; OFFICE OF ADMINISTRATION; PROCUREMENT BRANCH; NEOB, RM. 5001, 725 17TH STREET, NW; WASHINGTON, DC 20503; (202) 395-3311			

8. NAME AND ADDRESS OF CONTRACTOR (No., street, county, State and ZIP Code)	(x)	9A. AMENDMENT OF SOLICITATION NO.
AMERICAN TELEPHONE & TELEGRAPH GLOBAL BUSINESS COMMUNICATIONS SYSTEMS FEDERAL MARKETS GROUP 8403 COLESVILLE ROAD SILVER SPRING, MD 20910-3314 ATTN: GILBERT DOMINGUEZ		9B. DATED (SEE ITEM 11)
		10A. MODIFICATION OF CONTRACT/ORDER NO. 0A3C11
		10B. DATED (SEE ITEM 13) JUN 21, 1993
CODE PH: 301-608-4011 FACILITY CODE		

11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS

☐ The above numbered solicitation is amended as set forth in Item 14. The hour and date specified for receipt of Offers ☐ is extended, ☐ is not extended

Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended, by one of the following methods:

(a) By completing Items 8 and 15, and returning _____ copies of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.

12. ACCOUNTING AND APPROPRIATION DATA (If required)

1130038 N/A

13. THIS ITEM APPLIES ONLY TO MODIFICATIONS OF CONTRACTS/ORDERS, IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.

A. THIS CHANGE ORDER IS ISSUED PURSUANT TO: (Specify authority) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A.

B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (such as changes in paying office, appropriation date, etc.) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103(b).

C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF:

D. OTHER (Specify type of modification and authority)

X FAR CLUSE 52.21 / LIQUIDATED DAMAGES

E. IMPORTANT: Contractor ☐ X is not, ☐ is required to sign this document and return _____ copies to the issuing office.

14. DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by UCF section headings, including solicitation/contract subject matter where feasible.)

THE ABOVE REFERENCED CONTRACT IS HEREBY MODIFIED TO EXTEND THE ANALOG CUTOVER COMPLETION DATE AND TO IMPLEMENT A MAXIMUM OF 230 DIGITAL PHONES SIMULTANEOUSLY WITH THE DIGITAL CUTOVER.

THERE IS NO COST ADJUSTMENT AT THIS TIME.

(SEE ATTACHED)

Except as provided herein, all terms and conditions of the document referenced in Item 9A or 10A, as heretofore changed, remains unchanged and in full force and effect.

15A. NAME AND TITLE OF SIGNER (Type or print)		16A. NAME AND TITLE OF CONTRACTING OFFICER (Type or print)	
15B. CONTRACTOR/OFFEROR (Signature of person authorized to sign)	15C. DATE SIGNED	16B. UNITED STATES OF AMERICA BY THOMAS L. TAYLOR Thomas L. Taylor (Signature of Contracting Officer)	16C. DATE SIGNED SEP 30, 1993

NSN 7540-01-152-8070
PREVIOUS EDITION UNUSABLE

30-105

STANDARD FORM 30 (REV. 10-83)
Prescribed by GSA
FAR (48 CFR) 53.243

Contract OA3C11
Mod #01

The purpose of this modification to the above referenced contract is to extend the analog system cutover date, incorporate FAR Clause 52.212-04 Liquidated Damages--Supplies, Services, or Research and Development, and formally designate the Contracting Officer's Technical Representative (COTR).

Accordingly, the following is hereby executed and made a part of this contract.

(1) Extend the system cutover date from October 1, 1993 to December 3, 1993.

(2) Incorporate the text for Liquidated Damages into the contract.

LIQUIDATED DAMAGES--SUPPLIES, SERVICES, OR RESEARCH AND DEVELOPMENT

(a) If the Contractor fails to deliver the supplies or perform the services within the time specified in this contract, or any extension, the Contractor shall, in place of actual damages, pay to the Government a fixed, agreed, and liquidated damages as follows:

The Contractor is expected to install all the equipment and deliver the operating software, in accordance with his functional specifications including the special features and accessories included on the same order with the equipment and software. If the Contractor fails to fulfill this requirement and, as a result, no portion of the total system is ready for use on the installation date, the liquidated damages shall be assessed. Such liquidated damages shall be computed on the basis of each calendar day of delay at the rate of **1/30th** of the total monthly charge or **1/1000th** of the purchase price for the ordered equipment and software, depending on whether ordered for rental or purchase.

(b) Alternatively, if delivery or performance is so delayed, the Government may terminate this contract in whole or part under the Default--Fixed Price Supply and Service caluse in this contract and in that event, the Contractor shall be liable for fixed, agreed, and liquidated damages accuring until the time the Government may reasonably obtain delivery or performance of similar supplies or services. The liquidated damages shall be in addition to excess costs under the Termination clause.

(c) The Contractor shall not be charged with liquidated damages when the delay in delivery or performance arises out of causes beyond the control and without the fault or negligence of the Contractor as defined in the Default--Fixed Price Supply and Service clause in this contract

(3) Under Section G.3 "CONTRACTING OFFICER'S TECHNICAL REPRESENTATIVE"

Add: Mr. Lawrence Jurcich, Telephone No. 202-395-7323
Office of Administration, 725 17th Street, N.W.;
Washington, D.C. 20503

EXCEPT AS SPECIFIED HEREIN ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED AND IN FULL FORCE AND EFFECT.

AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT

1. CONTRACT ID CODE	PAGE OF PAGES
	1

2. AMENDMENT/MODIFICATION NO.	3. EFFECTIVE DATE	4. REQUISITION/PURCHASE REQ. NO.	5. PROJECT NO. (If applicable)
04	DEC 28, 1993	RZ74518	

6. ISSUED BY — CODE

Executive Office of the President
Procurement Branch NEOB 5001
725 17th ST NW
Washington DC 20503 PH:202/395-3314

7. ADMINISTERED BY (If other than Item 6) — CODE

8. NAME AND ADDRESS OF CONTRACTOR (No., street, county, State and ZIP Code)

CHESAPEAKE & POTOMAC TELEPHONE CO.
FEDERAL SYSTEMS DIVISION
8484 GEORGIA AVE.
SILVER SPRING, MD 20910
CONTACT: TOM BUSHONG
PH: 301-989-5037

CODE — FACILITY CODE

(V)	9A. AMENDMENT OF SOLICITATION NO.
	9B. DATED (SEE ITEM 11)
	10A. MODIFICATION OF CONTRACT/ORDER NO. OA3C12
	10B. DATED (SEE ITEM 13) JUN 25, 1993

11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS

☐ The above numbered solicitation is amended as set forth in Item 14. The hour and date specified for receipt of Offers ☐ is extended, ☐ is not extended.

Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended, by one of the following methods:

(a) By completing Items 8 and 15, and returning _____ copies of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified

12. ACCOUNTING AND APPROPRIATION DATA (If required)

1400038 I:F118E O:233101 INCREASE: 291681.00

13. THIS ITEM APPLIES ONLY TO MODIFICATIONS OF CONTRACTS/ORDERS, IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.

(V)	A. THIS CHANGE ORDER IS ISSUED PURSUANT TO: (Specify authority) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A.
	B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (such as changes in paying office, appropriation data, etc.) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103(b).
	C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF:
	D. OTHER (Specify type of modification and authority)
X	

E. IMPORTANT: Contractor ☒ is not, ☐ is required to sign this document and return _____ copies to the issuing office.

14. DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by UCF section headings, including solicitation/contract subject matter where feasible.)

THE ABOVE REFERENCED CONTRACT IS HEREBY MODIFIED AS FOLLOW:
FUNDING IS PROVIDED FOR LWOP CHARGES FOR DEFINITY PBX SYSTEM FOR THE PERIOD JANUARY 01 THROUGH SEPTEMBER 30, 1994 IN ACCORDANCE WITH LINE ITEM_2A_OF THE CONTRACT. ALL OTHER TERMS OF THE CONTRACT REMAIN UNCHANGED.

As a result of this action the revised total of the contract now reads $1,446,590.29.

Except as provided herein, all terms and conditions of the document referenced in Item 9A or 10A, as heretofore changed, remains unchanged and in full force and effect.

15A. NAME AND TITLE OF SIGNER (Type or print)	16A. NAME AND TITLE OF CONTRACTING OFFICER (Type or print)
	ROBERT DALE HELMS
15B. CONTRACTOR/OFFEROR (Signature of person authorized to sign)	15C. DATE SIGNED
	16B. UNITED STATES OF AMERICA BY (Signature of Contracting Officer)
	16C. DATE SIGNED DEC 28, 1993

NSN 7540-01-152-8070
PREVIOUS EDITION UNUSABLE

30-105

STANDARD FORM 30 (REV. 10-83)
Prescribed by GSA
FAR (48 CFR) 53.243

AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT		CONTRACT ID CODE	PAGE 1 OF PAGES 2
2. AMENDMENT/MODIFICATION NO. 03	3. EFFECTIVE DATE OCT 1, 1993	4. REQUISITION/PURCHASE REQ. NO. RZZ4456	5. PROJECT NO. (If applicable)

6. ISSUED BY CODE

EXECUTIVE OFFICE OF THE PRESIDENT; OFFICE OF ADMINISTRATION; PROCUREMENT BRANCH; NEOB, RM. 5001, 725 17TH STREET, NW; WASHINGTON, DC 20503 (202) 395-3314

7. ADMINISTERED BY (If other than Item 6) CODE

8. NAME AND ADDRESS OF CONTRACTOR (No., street, county, State and ZIP Code)

CHESAPEAKE & POTOMAC TELEPHONE CO.
FEDERAL SYSTEMS DIVISION
8484 GEORGIA AVE.
SILVER SPRING, MD 20910
ATTN: TOM BUSHONG
PH: 301-989-5037

CODE FACILITY CODE

9A. AMENDMENT OF SOLICITATION NO.

9B. DATED (SEE ITEM 11)

10A. MODIFICATION OF CONTRACT/ORDER NO. 0A3C12

10B. DATED (SEE ITEM 13) JUN 25, 1993

11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS

☐ The above numbered solicitation is amended as set forth in Item 14. The hour and date specified for receipt of Offers ☐ is extended, ☐ is not extended.

Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended, by one of the following methods:

(a) By completing Items 8 and 15, and returning _____ copies of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.

12. ACCOUNTING AND APPROPRIATION DATA (If required)

1140038 I: 123Q O: 233101 INCREASE: $1,787.00

13. THIS ITEM APPLIES ONLY TO MODIFICATIONS OF CONTRACTS/ORDERS, IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.

A. THIS CHANGE ORDER IS ISSUED PURSUANT TO: (Specify authority) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A.

B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (such as changes in paying office, appropriation date, etc.) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103(b).

C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF:

D. OTHER (Specify type of modification and authority)

X CLAUSE I.8 AND FAR CLAUSE 52.243-1

E. IMPORTANT: Contractor ☐ is not, ☒ is required to sign this document and return 3 copies to the issuing office.

14. DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by UCF section headings, including solicitation/contract subject matter where feasible.)

THE ABOVE REFERENCED CONTRACT IS HEREBY MODIFIED AS FOLLOWS:

(1) IN ACCORDANCE WITH CONTRACT CLAUSE I.8 THE GOVERNMENT EXERCISES THE RENEWAL OPTION FOR THE PERIOD OCTOBER 1, 1993 THROUGH SEPTEMBER 30, 1994. FUNDS APPLICABLE FOR THIS RENEWAL PERIOD WILL BE CITED ON INDIVIDUAL DELIVERY ORDERS.

(2) IN ACCORDANCE WITH FAR CLAUSE 52.243-1, THE CONTRACTOR SHALL PROVIDE INTEGRATION OF THE EXISTING OCTEL VOICE PROCESSING SYSTEM PROVIDING SERVICE

Except as provided herein, all terms and conditions of the document referenced in Item 9A or 10A, as heretofore changed, remains unchanged and in full force and effect.

15A. NAME AND TITLE OF SIGNER (Type or print)		16A. NAME AND TITLE OF CONTRACTING OFFICER (Type or print)	
Jeanne Rabben Manager - Contracts		THOMAS L. TAYLOR	
15B. CONTRACTOR/OFFEROR (Signature of person authorized to sign)	15C. DATE SIGNED 11-29-93	16B. UNITED STATES OF AMERICA BY Thomas L. Taylor (Signature of Contracting Officer)	16C. DATE SIGNED 12-06-93

NSN 7540-01-152-8070
PREVIOUS EDITION UNUSABLE

30-105

STANDARD FORM 30 (REV. 10-83)
Prescribed by GSA
FAR (48 CFR) 53.243

TO THE OFFICE OF MANAGEMENT & BUDGET (OMB) TO A AT&T DEFINITY GENERIC 3R AT SITE #1 AT TIME OF ANALOG CUTOVER, 12/03/93.

ITEMS REQUIRED FOR INTEGRATION:

1. AT&T DEFINITY INTEGRATION PACKAGE, #004-0035-000-N
   QUANTITY - 1 EACH @ 1,337.00

2. INSTALLATION CHARGE
   QUANTITY - 1 LOT @ 450.00

TOTAL INTEGRATION CHARGES $1,787.00

AS A RESULT OF THIS MODIFICATION, TOTAL OBLIGATED DOLLAR AMOUNT OF CONTRACT NOW READS $1,154,909.29.

*** END OF MODIFICATION ***

AMENDMENT OF SOLICITA ON/MODIFICATION OF CONTRACT

1. CONTRACT ID CODE	PAGE OF PAGES
	1 | 2

2. AMENDMENT/MODIFICATION NO.	3. EFFECTIVE DATE	4. REQUISITION/PURCHASE REQ. NO.	5. PROJECT NO. (If applicable)
08	SEP 30, 1993	R723330	DEL. ORDER #01

6. ISSUED BY CODE

7. ADMINISTERED BY (If other than Item 6) CODE

EXECUTIVE OFFICE OF THE PRESIDENT; OFFICE OF
ADMINISTRATION; PROCUREMENT BRANCH;
NEOB, RM. 5001, 725 17TH STREET, NW;

8. NAME AND ADDRESS OF CONTRACTOR (No., Street, County, State and ZIP Code)

(x)

9A. AMENDMENT OF SOLICITATION NO.

CHESAPEAKE & POTOMAC TELEPHONE CO.
FEDERAL SYSTEMS DIVISION
8484 GEORGIA AVE.
SILVER SPRING, MD 20910
ATTN: TOM BUSHONG
PH: 301-989-5037

9B. DATED (SEE ITEM 11)

10A. MODIFICATION OF CONTRACT/ORDER NO.

OA3C12

10B. DATED (SEE ITEM 13)

JUN 25, 1993

CODE FACILITY CODE

11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS

☐ The above numbered solicitation is amended as set forth in Item 14. The hour and date specified for receipt of Offers ☐ is extended, ☐ is not extended.

Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended, by one of the following methods:

(a) By completing Items 8 and 15, and returning _____ copies of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.

12. ACCOUNTING AND APPROPRIATION DATA (If required)

1130036 I: E123Q 0: 233101 (OA) INCREASE: $766,411.00

13. THIS ITEM APPLIES ONLY TO MODIFICATIONS OF CONTRACTS/ORDERS, IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.

A. THIS CHANGE ORDER IS ISSUED PURSUANT TO: (Specify authority) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A.

B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (such as changes in paying office, appropriation date, etc.) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103(b).

C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF:

D. OTHER (Specify type of modification and authority)

X IN ACCORDANCE WITH CONTRACT CLAUSE H.25

E. IMPORTANT: Contractor ☐ X is not, ☐ is required to sign this document and return _____ copies to the issuing office.

14. DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by UCF section headings, including solicitation/contract subject matter where feasible.)

THE ABOVE REFERENCED CONTRACT IS HEREBY MODIFIED TO INCLUDE THE FOLLOWING:

**** SEE ATTACHED DELIVERY ORDER NUMBER 01 ****

AS A RESULT OF THE ATTACHED DELIVERY ORDER, CONTRACT TOTAL DOLLAR AMOUNT NOW READS $1,153,122.29.

Except as provided herein, all terms and conditions of the document referenced in Item 9A or 10A, as heretofore changed, remains unchanged and in full force and effect.

15A. NAME AND TITLE OF SIGNER (Type or print)		16A. NAME AND TITLE OF CONTRACTING OFFICER (Type or print)	
		DALE HELMS	
15B. CONTRACTOR/OFFEROR	15C. DATE SIGNED	16B. UNITED STATES OF AMERICA	16C. DATE SIGNED
(Signature of person authorized to sign)		BY (Signature of Contracting Officer)	SEP 30, 1993

NSN 7540-01-152-8070
PREVIOUS EDITION UNUSABLE

30-105

STANDARD FORM 30 (REV. 10-83)
Prescribed by GSA
FAR (48 CFR) 53.243

Contract OA3C12
Mod #02
Delivery Order #01

(1) The above referenced Delivery Order is issued for the purchase of the following:

Clin	Description	Qty	Unit Price	Total
2D	Internodal Fiber	1	145,000	145,000.00
4	2nd Central Office	1	623,411	623,411.00
	TOTAL.....			$768,411.00

(2) **Delivery**: The above ordered equipment shall be delivered by December 3, 1993.

(3) **COTR**: Larry Jurcich (OA) Phone: (202) 395-7323

(4) **Delivery Point**: EOP COMPLEX , Old Executive Ofc. Bldg.
Washington D.C. , 20503
Attn: Larry Jurcich

(5) **Invoicing**

Submit invoices to:

Office of Administration
Information Resources Mgmt. Div.
725 17th Street, N.W.; Rm 4208
Washington, D.C. 20503
Attn: James MacDonald Jr.

AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT			1. CONTRACT ID CODE	PAGE 1 OF PAGES 3
2. AMENDMENT/MODIFICATION NO. 01	3. EFFECTIVE DATE SEP 30, 1993	4. REQUISITION/PURCHASE REQ. NO. R773337	5. PROJECT NO. (If applicable)	
6. ISSUED BY CODE		7. ADMINISTERED BY (If other than Item 6) CODE		

.ECUTIVE OFFICE OF THE PRESIDENT; OFFICE OF ADMINISTRATION; PROCUREMENT BRANCH; NEOB, RM. 5001, 725 17TH STREET, NW;

8. NAME AND ADDRESS OF CONTRACTOR (No., Street, City, State and ZIP Code)

CHESAPEAKE & POTOMAC TELEPHONE CO.
FEDERAL SYSTEMS DIVISION
8484 GEORGIA AVE.
SILVER SPRING, MD 20910
ATTN: TOM BUSHONG
PH: 301-989-5037

CODE | FACILITY CODE

(d) 9A. AMENDMENT OF SOLICITATION NO.

9B. DATED (SEE ITEM 11)

10A. MODIFICATION OF CONTRACT/ORDER NO. OA3C12

10B. DATED (SEE ITEM 13) JUN 25, 1993

11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS

☐ The above numbered solicitation is amended as set forth in Item 14. The hour and date specified for receipt of Offers ☐ is extended, ☐ is not extended.

Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended, by one of the following methods:

(a) By completing Items 8 and 15, and returning _____ copies of the amendment. (b) By acknowledging receipt of this amendment on each copy of the offer submitted, or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.

12. ACCOUNTING AND APPROPRIATION DATA (If required)

1130038 I: E123Q 0: 233101 INCREASE: $384,711.29

13. THIS ITEM APPLIES ONLY TO MODIFICATIONS OF CONTRACTS/ORDERS, IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.

A. THIS CHANGE ORDER IS ISSUED PURSUANT TO: (Specify authority) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A.

B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (such as changes in paying office, appropriation date, etc.) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103(b).

C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF:

D. OTHER (Specify type of modification and authority)

X CHANGES CLAUSE 52.243-1 AND MUTUAL AGREEMENT

E. IMPORTANT: Contractor ☒ is not, ☐ is required to sign this document and return _____ copies to the issuing office.

14. DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by UCF section headings, including solicitation/contract subject matter where feasible.)

THE ABOVE REFRENCED CONTRACT IS HEREBY MODIFIED AS FOLLOWS:

(SEE ATTACHED)

Except as provided herein, all terms and conditions of the document referenced in Item 9A or 10A, as heretofore changed, remains unchanged and in full force and effect.

15A. NAME AND TITLE OF SIGNER (Type or print)		16A. NAME AND TITLE OF CONTRACTING OFFICER (Type or print)	
		DALE HELMS	
CONTRACTOR/OFFEROR (Signature of person authorized to sign)	15C. DATE SIGNED	16B. UNITED STATES OF AMERICA BY Dale Helms (Signature of Contracting Officer)	16C. DATE SIGNED SEP 30, 1993

NSN 7540-01-152-8070
PREVIOUS EDITION UNUSABLE

30-105

STANDARD FORM 30 (REV. 10-83)
Prescribed by GSA
FAR (48 CFR) 53.243

The purpose of this modification to the above referenced contract is to extend the analog system cutover date, incorporate FAR Clause 52.212-04 Liquidated Damages--Supplies, Services, or Research and Development, incorporate a proposed change for main distribution frames (MDF) and formally designate the Contracting Officer's Technical Representative (COTR).

Accordingly, the following is hereby executed and made a part of this contract.

(1) Extend the system cutover date from October 1, 1993 to December 3, 1993.

(2) Incorporate the text for Liquidated Damages into the contract.

LIQUIDATED DAMAGES--SUPPLIES, SERVICES, OR RESEARCH AND DEVELOPMENT

(a) If the Contractor fails to deliver the supplies or perform the services within the time specified in this contract, or any extension, the Contractor shall, in place of actual damages, pay to the Government a fixed, agreed, and liquidated damages as follows:

The Contractor is expected to install all the equipment and deliver the operating software, in accordance with his functional specifications including the special features and accessories included on the same order with the equipment and software. If the Contractor fails to fulfill this requirement and, as a result, no portion of the total system is ready for use on the installation date, the liquidated damages shall be assessed. Such liquidated damages shall be computed on the basis of each calendar day of delay at the rate of **1/30th** of the total monthly charge or **1/1000th** of the purchase price for the ordered equipment and software, depending on whether ordered for rental or purchase.

(b) Alternatively, if delivery or performance is so delayed, the Government may terminate this contract in whole or part under the Default--Fixed Price Supply and Service caluse in this contract and in that event, the Contractor shall be liable for fixed, agreed, and liquidated damages accuring until the time the Government may reasonably obtain delivery or performance of similar supplies or services. The liquidated damages shall be in addition to excess costs under the Termination clause.

(c) The Contractor shall not be charged with liquidated damages when the delay in delivery or performance arises out of causes beyond the control and without the fault or negligence of the Contractor as defined in the Default--Fixed Price Supply and Service clause in this contract

(3) Incorporate C&P's letter proposals dated July 22, 1993 and September 23, 1993 for replacing MDFs in OEOB & NEOB and moving all special circuits to the respective new MDFs. This change will be provided for a fixed-price of **$384,711.29.**

(4) Under Section G.3 "CONTRACTING OFFICER'S TECHNICAL REPRESENTATIVE"

Add: Mr. Lawrence Jurcich, Telephone No. 202-395-7323
Office of Administration, 725 17th Street, N.W.;
Washington, D.C. 20503

As a result of this modification, estimated cost of contract now reads $10,997,323.29 an increase of $384,711.29.

EXCEPT AS SPECIFIED HEREIN ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED AND IN FULL FORCE AND EFFECT.

Question. Please also submit a list of any appropriated funds used to enhance, upgrade or replace telephone equipment at any EOP agency within the past three years.

Answer. No funds have been expended by the White House Office, the Office of the Vice President, the Office of Administration, or the Office of Policy Development to enhance, upgrade or replace telephone equipment within the past three years. Funds totalling $45,246 were obligated in fiscal years 1993 and 1994 to purchase a Northern Telecom system for the Official Residence of the Vice President.

With regard to upgrades or replacements of telephone equipment in any other EOP agency, we refer you to that agency for any further information.

Question. Other than the contracts awarded to AT&T and C&P (Bell Atlantic), were any contracts or purchase orders awarded to any other vendors? If so, please identify the vendor, the purpose of the procurement and the amount obligated and expended.

Answer. In addition to the contracts awarded to AT&T and C&P, a contract was awarded to The Anderson Group for consulting services in support of the design, proposal evaluation, and installation oversight. The amount obligated in FY 1993 totals $59,750.

Question. Was any of the equipment installed or other services provided at no cost by AT&T or C&P (Bell Atlantic)? If so, please identify the donated equipment or service and its fair market value.

Answer. Under the new contracts no equipment or services were donated by either AT&T or C&P.

Question. What percent of the new system has been installed to date? Please submit the estimated installation completion schedule together with a schedule of payment milestones and the amount to be paid at each milestone's completion.

Answer. All of the switching equipment has been installed. Currently, we are in the process of replacing analog telephones with the ISDN telephones. This process is scheduled for completion by September 30, 1994. Delivery orders for ISDN telephones are generated as offices' analog telephones are replaced. The contracts are requirements contracts and therefore have no scheduled payment milestones. We have obligated funds to lease the PBX system and to operate the telecommunications services office. We anticipate monthly invoices from Bell Atlantic for the lease of the PBXs and from AT&T for operation of the telecommunications services office. We will continue to pay Bell Atlantic on a

monthly basis for line charges as in the past. We also anticipate that AT&T will bill us for new phones as they are delivered.

Question. Please provide a description of the procedure used to distribute the monthly telephone costs among user agencies.

Answer. There are two components associated with distribution of telephone costs. The first component, fixed costs, include lease of the main switch, installation of phone equipment, the telephone service office, software to run the switch and emergency power equipment. Distribution of the fixed costs of the system are distributed among the EOP agencies based on the number of phone lines assigned to each agency. The second component, variable costs, include charges for use of the lines which are billed directly to the individual agencies by the vendor. Variable costs also include leased or purchased telephone desk sets for which the user agencies are directly responsible.

Question. How many EOP officials have government telephones installed in their residences? Please provide a list of those individuals.

Answer. We have no records of any obligations for government phones installed in the private residences of staff members in the White House Office, the Office of the Vice President, the Office of Administration, the Office of Policy Development or the Official Residence of the Vice President. For information on any other EOP agency, we refer you to that agency.

Question. How many portable cellular telephones have been issued to EOP staff? What is the monthly cost for cellular telephone service for each EOP agency (last six months)? Does the agency pay these costs or are they paid for by the DOD White House Communications Agency (WHCA)? If paid for by WHCA, why would that agency pay for services used by EOP agencies other than the White House Office and the Vice President's Office?

Answer. The following chart shows the number of cellular telephones have been issued to the agencies and the average monthly cost.

Agency	Number of Phones	Monthly Cost
Office of Administration	1	$114.00
Office of Policy Development	6	$1,029.00

WHCA provides cellular telephones and service for employees of the White House Office and the Office of the Vice President. A review of the WHCA provided telephones is currently underway; it is anticipated that the White House Office and the Office of the Vice President will assume the responsibility of additional cellular phones as a result of this process.

Question. Please provide a list of all individuals who participated in any manner in the system design, RFP development and bid evaluation for the new White House telephone system. Include federal employees, consultants and other individuals form the private sector, including vendor representatives. For government employees (both former and current), indicate their employing agency and include an estimate of the number of hours each employee devoted to assisting with the system design and procurement process.

Answer. The following consultants and employees participated in the requirements analysis, RFP development, and evaluation of proposals:

Anderson Group: Three consultants

Government Employees:

Office of Administration: Procurement Officer, Contracting Officer, Associate Counsel, Telecommunications Security Officer, Computer Specialist, and Program Analyst

White House Office: Telecommunications Officer

White House Communications Agency: Telecommunications Specialist

United States Secret Service: Four Telecommunications Security Specialists

Office of Management and Budget: Program Analyst

Office of National Drug Control Policy: Telecommunications Officer

United States Trade Representative: Program Analyst

We estimate that the Government employees worked an average of 18 hours a week for 16 weeks on this project for an estimated total of 288 hours each.

Question. In enacting the Competition in Contracting Act, Congress intended to ensure that the government receives the best available price for its purchases. This price often includes significant discounts for the value of providing goods and services to the federal government and a significant discount for the goodwill of providing services to the White House. Yet in the recent telephone procurement, you chose to limit competition, thus minimizing the opportunity for valuable

discounts. In addition, under the terms of the new contracts, C&P (Bell Atlantic) purchased three new AT&T manufactured definite PBX's (telephone switches) from AT&T. C&P then turned around and leased these very same switches to AT&T for AT&T's installation and maintenance. Thus, in addition to missing the opportunity for goodwill discounts, the White House appears to have sanctioned a peculiar pass-through arrangement. Please explain how, without full and open competition, you can assure the Congress that the White House did, in fact, obtain the absolute lowest price for its telephone system.

Answer. The Federal Acquisition Regulation (FAR) and the Federal Information Resources Management Regulations (FIRMR) require that the Government award contracts at fair and reasonable prices. The Government is required to make awards based on the best value to the Government, price and other factors considered. (See FAR 15.605(c) and 15.803(c) and FIRMR 201-20.201.)

An interagency task force prepared a requirements analysis and analysis of alternatives for meeting EOP phone needs in accordance with part 201-20 of the FIRMR. The task force evaluated the likely costs of continuation of prior agreements for phone service at the EOP, as well as possible use of existing Treasury Department and DOD contracts, and concluded that the EOP could obtain the best value meeting the Government's needs through a limited competition.

The joint proposal submitted by AT&T and C&P was substantially lower in cost than that submitted by Northern Telecom. The contracts as modified continue to provide the best value to the Government in comparison to all other alternatives considered by the task force.

The negotiated awards provided for separate contracts with AT&T and C&P in which AT&T provides station equipment and operates the system while C&P provides Centrex service. The Centrex lease with option to purchase contract awarded by the Government allows the EOP to acquire the AT&T Definity PBX system used by C&P to furnish Centrex service.

Volunteers

Question. Please provide a month-by-month breakdown identifying the persons who have served as volunteers by each EOP agency since January 20, 1993. Include a description of the assigned duties for each volunteer.

Answer. Those agencies of the EOP with authority to accept the services of volunteers, regularly do so without centralized coordination. We have no statistical basis or records to account for all EOP volunteers by agency, or to provide a description of the duties assigned each volunteer. (For example, a tenth grade class may come for one day to help answer children's correspondence.) If the services of a volunteer are of a substantive or policy nature, our policy is to treat the individual as a government employee, with the attendant paperwork and ethics checks performed.

Question. Please provide a copy of the opinion of the Office of Legal Counsel that was cited in Mr. McClarty's letters to Mr. Wolf.

Answer. Because the cited opinion is unpublished, it is not available for distribution.

Question. At any time since January 20, 1993, has there been any kind of a nongovernmental organization, foundation, fund or other entity created for the purpose of compensating individuals for the time they spend working as volunteers at the EOP? Are any volunteers working full-time (30 hours a week or more) at the White House while being paid a salary from a non-governmental source such as a private for-profit corporation?

Answer. We are not aware of any nongovernmental entities created since January 20, 1993 for the purpose of compensating individuals for the time they spend working as volunteers at the EOP. We are aware that the Foundation for the National Capital Region has established a fund from which, upon application by a college or university student, stipends are awarded on a competitive basis to financially needy students who are accepted to the White House Internship Program.

Question. If yes to creation of a non-governmental organization, please identify the entity and the persons responsible for creating it. Identify the persons responsible for managing the entity and for fund raising as well.

Answer. Not applicable.

Question. Provide a complete list of all sources of funding received for such entities, as well as all expenditures for compensation to individuals as well as for all other purposes.

Answer. Not applicable.

Question. Have any such funds been paid to any current or former government employees during his or her term of employment with the government?

Answer. Not applicable.

Question. Please provide a written statement providing the legal basis for creation and use of such a mechanism.

Answer. Not applicable.

EOP Telephone System

Question. Please provide (copies of any records maintained to show) the volume of calls received by the EOP system during the past six months.

Answer. The figures below for 1993 reflect the average number of incoming calls daily by the existing telephone system which utilized only one way trunk group traffic.

1993	October	66,906
	November	54,338
	December	44,658

The figures below for 1994 reflect the average number of total calls, both incoming and outgoing, processed daily by the new EOP system. The configuration of the new system is designed to maximize and more fully utilize all trunk groups by having two way traffic on each. Therefore, the totals provided for January through March are based on the system of two way traffic.

1994	January	120,739
	February	124,912
	March	128,603

War Room

Question. Please describe the various kinds of equipment that is used in the War Room(s).

Answer. Room 160 in the Old Executive Office Building, the "War Room," is equipped with IBM-compatible personal computers, printers, facsimile machines, a photocopier, telephones, and modular office furniture. There are also four televisions, a write-board master scheduling calendar and a map of congressional districts. The personal computers are linked to the local area network (LAN) serving the White House Office of Communications and have access to the software and applications resident on that LAN.

Question. Is any of the equipment donated (or loaned) by another government agency or non-federal entity? If so, please identify.

Answer. No.

Question. Is the White Office or any other EOP agency reimbursed for any operating costs of the War Room(s)? If so, please identify source and amount.

Answer. The Office of Policy Development (OPD) is responsible for providing administrative support and services to the Health Care Communications Group (HCCG), which includes the activities of the War Room. The Department of the Treasury has agreed to reimburse OPD for the costs of such support, estimated at $100,855 in FY 1994. OPD and the Treasury Department have entered into an interagency agreement not to exceed $1,730,000 for fiscal year 1994 for administrative support and services to the HCCG.

Question. Media reports indicate the War Room(s) is often staffed in part by employees from the Democratic National Committee or personnel from other agencies. According to the White House Bulletin, one White House source said, "While the White House staff makes its calls to elected officials, union representatives and other supporters, it is up to the DNC staff to actually ask for their support and ask for their political help. Government employees are not supposed to do anything strictly political, so we try to walk a careful line." Is this true? If so, what is the legal authority that permits the use of government facilities and equipment by political organizations? How does the White House define "strictly political?"

Answer. The media report referenced in the question is not accurate. The function of the War Room is to communicate to the American public the President's Health Care agenda. The War Room is staffed by personnel from the White House Office and the Office of Policy Development (OPD), Domestic Policy Council. In addition, three other government employees -- a detailee from the Department of Labor, an agency representative from the Department of Interior,

and an agency representative from the Department of Housing and Urban Development -- work in the War Room. We have identified an individual -- who is employed by a nongovernmental entity -- who volunteers support assistance in the War Room on an intermittent basis.

Question. When personnel from other agencies work in the War Room(s), are they considered as detailees? If not, why?

Answer. Determinations as to which other government employee (OGE) category a particular individual might be assigned are made on a case-by-case basis and take into account the length of the assignment, as well as the responsibilities, work location, and supervision of the individual. OGE categories are defined in accordance with the definitions established by the General Accounting Office in its 1992 audit of EOP personnel practices.

Personnel from other agencies working in the War Room are evaluated under the same criteria applied to all other OGEs working in the EOP. Currently, there is one detailee and two agency representatives working in the War Room.

Question. What was the total cost of setting up the War Room(s)? What is the annual operating cost, including personnel?

Answer. The War room was set up in FY 1993 at a cost of $153,941. We estimate the operating cost for FY 1994 to be $100,855. There are no personnel costs associated with the operating costs of this room.

Question. Are there any dedicated telecommunication lines between the War Room(s) and the DNC, persons not employed by the government, or other private organizations?

Answer. There are no dedicated telecommunications lines between the War Room and the Democratic National Committee, persons not employed by the government, or other private organizations.

Question. How often did Paul Begala, James Carville, David Wilhelm, Mandy Grunwald, Stan Greenberg, or Harold Ickes (prior to this recent appointment to White House staff), participate in White House War Room operations? Please describe the nature of their activities and identify the number of times they participated in War Room activities.

Answer. The above named individuals act in an advisory capacity to War Room staff on how to best communicate the Administration's Health Care Plan to the general public.

Question. Who performed the work? If done by private contractors, provide for the record copies of procurement documents (RFP, contract, modifications).

Answer. The War Room information resources configurations were designed and installed by the Office of Administration, Office of Information Management, Information Systems and Technology Division.

Question. Last year, at this hearing, Ms. Thomasson was asked about presidential travel and gave an example of a political trip on behalf of Mr. Visclosky being charged as a political trip. Isn't it true that the recent trip President Clinton made to Chicago to campaign for Congressman Rostenkowski was charged as 100% official by the White House? The media certainly considered this a political trip. Shouldn't you avoid the appearance of impropriety in such circumstances?

Answer. The President's trip was official; its purpose was to discuss Administration policies and programs, as well as to secure support for the President's legislative agenda. The President did not endorse Rep. Rostenkowski's candidacy; instead, he discussed the need for Congress to act on the President's legislative agenda.

The President did three events while in Illinois:

Wright Junior College (Chicago) forum where he discussed crime and health care with doctors, police, and community members;

He later addressed the students of Wright Junior College about the crime bill, education (school-to-work) bill, welfare reform and health care reform; and,

At Hillcrest High School (Country Club Hills, Illinois) he addressed the students about the crime bill.

While the White House appreciates that the media may have misstated the nature of this trip, press coverage does not alter the guidelines regarding the designation of Presidential travel outlined by the Office of Legal Counsel in a 1982 published opinion, which the White House follows.

<u>Official Residence Receipts</u>

Question. White House residence offsetting receipts have grown considerably in the past year, yet state dinners have not been held. Why are these receipts growing?

Answer. The responsibility for developing budget estimates for the Executive Residence at the White House is that of the National Park Service.

<u>Vice President's Senate Staff</u>

Question. According to a December 6, 1993, *Roll Call* article, the Vice President's Senate staff is larger then former Vice President Quayle's staff by six people.

Please explain this inconsistency with the President's commitment to reduce White House staff by 25%.

Answer. The staff assigned to the Vice President in his capacity as President of the Senate is the responsibility of the U.S. Senate. Vice President Quayle's Senate staff was thus not included in calculating and achieving the 25 percent staff reduction.

Detailees

Question. Please provide a list of all detailees to the EOP, their GS level and their sponsoring agencies.

Answer. The response to this question is depicted in the following chart.

Detailees on Board as of March 22, 1994

Name	GS Level	Sponsoring Agency
WHITE HOUSE OFFICE:		
Asst. Counsel to the President	GM-15	Securities & Exchange Commission
Senior Program Analyst	GS-13	Agriculture
Special Counsel to the President	GS-12	Justice
Deputy Director, Scheduling	GS-13	Energy
Personnel Search Advisor	GM-14	Agriculture
Staff Assistant	GS-09	Justice
Personal Assistant to Chief of Staff	GM-13	Commerce
Correspondence Editor	GS-14	State
Special Counsel	CPT-03	Defense
Special Counsel	GS-14	Justice
Special Counsel	GS-14	Navy
Associate Director	ES-06	Equal Empl. Opportunity Com.
Staff Assistant	GS-06	General Services Admin.
Staff Assistant	GS-07	Justice
Confidential Assistant	GS-09	Education
OFFICE OF POLICY DEVELOPMENT:		
Associate Director	GS-13	Environmental Protection Agency
Associate Director	GS-14	Environmental Protection Agency
Senior Policy Analyst	GS-14	Justice
Staff Assistant	GS-11	Defense
Staff Assistant	GS-12	Defense
Staff Assistant	GS-09	Veterans Affairs
Staff Assistant	GS-10	Defense
OFFICE OF THE VICE PRESIDENT:		
Policy Advisor	GS-12	Health and Human Services
Assistant Director	GM-15	Justice

Health Care Task Force

Question. Press reports indicate the White House has "misrepresented" the Health Care Task Force. Apparently, in the charter filed with GSA by the Task Force, expenditures for the Task Force were shown to be $100,000. However, during FY 1994 hearings before this subcommittee, the White House testified that estimated expenditures for the Task Force were $325,000, with an itemized breakdown. Reported salaries paid to outsiders or consultants are well over the $100,000 figure reported to GSA. Please explain this discrepancy. Also, please list for the record total expenditures by the Task Force, with a breakdown by category, including fees paid to consultants or outside contractors.

Answer. In the charter filed with the General Services Administration (GSA), the expenses of the *Task Force* were limited to $100,000. The twelve-member Task Force on National Health Care Reform was chaired by the First Lady and included the Secretaries of Health and Human Services (HHS), Labor, Commerce, Defense, Treasury and Veterans' Affairs, as well as the Director of the Office of Management and Budget, the Assistants to the President for Domestic Policy and Economic Policy, the Chair of the Council of Economic Advisors, and the Senior Advisor to the President for Policy Development. The expenses of the Task Force did not exceed $100,000.

During the FY 1994 budget hearings the White House testified on the expenses of the *interdepartmental working group* that gathered information and provided information to the Task Force. Working group expenses were limited to $325,000 and were funded by a reimbursable agreement between the Office of Policy Development and HHS. Total expenditures for the working group were as follows:

Travel	$41,418
Transportation of Things	$68
Office Rent to GSA	$86,748
Communications & Utilities	$36,767
Printing	$1,450
Other Services	$26,026
Supplies & Materials	$17,611
Equipment	$1,006
TOTAL	**$211,094**

These funds were not used to pay fees to consultants or outside contractors.

Question. During FY 1994 hearings before this subcommittee, the White House testified that "...members of the Health Care Task Force...are all cabinet secretaries and the First Lady..." and "...working group participants...[were] all federal government employees." However, press reports indicate that documents show that the Task Force Working Group included employees of the Robert Wood Johnson Foundation, the Henry J. Kaiser Foundation, United Health Care Corp.,

and universities. Obviously, these would not be government employees. Please explain this contradiction and your statement to the committee last year.

Answer. When we testified before the subcommittee during the fiscal year 1994 hearings, the subcommittee was advised that the President's Task Force on National Health Care Reform was composed of 12 members, including the First Lady, cabinet secretaries, and senior White House officials. We further testified that the interdepartmental working group, which gathered information for and provided information to the task force was composed of federal employees--including permanent federal employees, as well as special government employees (including consultants retained by the government). These responses were accurate.

This question makes reference to "press reports" of "documents" that suggest these reports were inaccurate. The "documents" referred to in the question, however, are documents filed in a pending federal court litigation concerning the interdepartmental working group -- a litigation commenced by parties who have publicly expressed their opposition to the President's health care reform initiative. The court documents in question are filled with unsubstantiated assertions, including assertions about the status of particular participants in the working group process.

The government defendants are reviewing these assertions in connection with the preparation of responsive court papers, which are scheduled, pursuant to court order, to be filed with the court no later than May 4, 1994. We will be prepared to provide the subcommittee with answers to particular assertions in the plaintiffs' court papers as soon as the defendants' responsive papers are filed with the court.

QUESTIONS SUBMITTED FOR THE RECORD FROM CONGRESSMAN WOLF

Questions for Patsy Thomasson

Question. Please provide the following:

a. The date of your appointment to the White House;

Answer. March 1, 1993.

b.The date you signed your SF-86, Questionnaire for Sensitive Positions;

Answer. September 3, 1993

c. The date your SF-86 was given to the FBI,

Answer. As a general rule, it is inappropriate to release any information concerning the contents or timing of any individual's background investigation. In my own case, however, I am prepared to disclose that my SF-86 was given to the FBI on September 10, 1993.

d. The date your background investigation was given to the White House Counsel's office.

Answer. As a general rule, it is inappropriate to release any information concerning the contents or timing of any individual's background investigation. In my own case, however, I am prepared to disclose that the FBI forwarded my background investigation to White House Counsel's Office on November 3, 1993.

e. The date you received your permanent White House Pass.

Answer. March 5, 1994.

f. Could you explain the delay in getting your pass?

Answer. The initial delay was attributable to the time frame in which I submitted the requisite paperwork. Beyond that, I have no information concerning the particulars of my background investigation. Other than my initial interview, however, at no point did the FBI or anyone from White House Counsel's Office contact me concerning the investigation. I thus assume that the balance of the delay can be traced to operational inefficiencies within Counsel's Office.

Question. Did you provide the FBI with information on your former employment with Lasater and Company?

Answer. The FBI was fully informed of my entire employment history since graduation from college -- including the names of three companies owned by or otherwise associated with Mr. Lasater. I also identified Mr. Lasater as my supervisor at each such place of employment.

Question. In the process of your background check was there any discrepancy between the information you provided to the FBI and the information they obtained? If so, were these brought to your attention or to the attention of the White House Counsel's office?

Question. I am not aware of any such discrepancy.

Question. Did Mr. Nussbaum become involved with issuing your pass?

Answer. While the White House Personnel Security Office reports to White House Counsel's Office, I have no reason to believe that Mr. Nussbaum was personally involved in any way in the process that led to the issuance of my pass.

Question. In your biography that you provided for the committee, you failed to include your employment with Lasater and Company, could you explain why? Please provide a chronological listing of your past employment from college forward.

Answer. The biography provided to the committee fully discloses that I served as President and Vice President of the Phoenix Group, Inc. Lasater and Co. was one of many subsidiaries held by the Phoenix Group, Inc. My employment history since graduation from college is as follows:

6/69 to 8/72: Office of Wilbur Mills, MC
9/71 to 5/72: University of Missouri
9/72 to 4/75: Office of Wilbur Mills, MC
4/75 to 12/78: Doctors Hospital
12/78 to 5/83: Southern Management Assn.
5/83 to 11/83: Collins, Locke & Lasater, Inc.
11/83 to 1/87: LFI Corporation
1/87 to 8/92: The Phoenix Group, Inc.
8/92 to 3/93: The Democratic Party of Arkansas
3/93 to ___: The White House

For the record, let me note that Collins, Locke & Lasater, LFI Corp. and the Phoenix Group, Inc. were all owned by or otherwise associated with Mr. Lasater. In addition, the above reflects my best recollection of the precise dates on which my employer changed from Collins, Locke and Lasater, Inc. to LFI and from LFI to the

Phoenix Group., Inc. I will supplement the record to the extent more precise information becomes available.

Question. Please provide answers for questions (1) a-f above for Mr. McLarty and Mr. William Kennedy who have overseen the process in obtaining White House passes. I understand that Mr. McLarty only received his pass in the past several weeks and Mr. Kennedy received his pass several months ago. This means that both individuals in charge of these important matters did not have their own permanent passes for almost a year or more. Why was there such a delay even for the people who were in charge of these matters?

Answer. As a general rule, it is inappropriate to disclose any information concerning the substance or timing of an individual's background investigation. In the particular case of Messrs. McLarty and Kennedy, however, it is already a matter of public record that they were appointed on January 20, 1993 and February 10, 1993, respectively, and that they received a favorable background adjudication, which entitled them to access to top secret information, on January 22, 1993 and March 5, 1993 respectively. Since it is also a matter of public record, Mr. McLarty was approved for his permanent pass on March 1, 1994 and Mr. Kennedy was approved for his permanent pass on November 22, 1993. As reflected by the promptness with which each received a favorable background adjudication, the delay was occasioned solely by operational inefficiencies, which have since been corrected. In addition, it should be noted that the Chief of Staff's Office does not have day-to-day operational involvement in the process that leads to the issuance of White House passes.

Question. On February 24, Mr. McLarty wrote in a letter to me that these matters were being handled "both in a timely manner and in accordance with the procedures of previous Administrations." At the time that Mr. McLarty wrote this letter he either had only recently received his own pass or may not have even have received his own pass. What was the basis for his claim that these matters were being handled in a "timely manner?" Did Mr. McLarty not know that up to 1/3 of senior staff did not have their permanent passes? When did Mr. McLarty become aware of this matter?

Answer. The Chief of Staff's response was based solely on information he had received from White House Counsel's Office. Upon learning earlier this year that a substantial number of senior staff were still awaiting permanent passes, the Chief of Staff (1) issued a directive mandating accelerated submission of security-related paperwork and (2) directed Counsel's office to review its procedures with the objective of expediting the process.

Question. Please provide answers to the same question in (1)a-f above for the 125 senior staff, one third of whom did not have their permanent passes as of mid-March.

Answer. Over 80% of senior staff members who have been at the White House more than 60 days have received a permanent pass. Most of the remainder are expected to receive permanent passes shortly, and all are in compliance with the Chief of Staff's directive that all employees must submit the requisite paperwork within 30 days of their employment. For the most part, the delays were occasioned by the limited availability of resources in Counsel's Office, which compromised its ability to move the process more efficiently. That problem has since been corrected. In addition, there were some individuals whose background investigation raised issues that required further clarification and inquiry, a process that necessarily takes some time. All such issues that are still pending are expected to be resolved shortly. It should be noted that no individual has received even a temporary pass over the objection of the Secret Service. Providing other information called for by the question would require disclosure of information concerning specific individuals and, therefore, would be inappropriate.

In the latest DNC filing with the FEC, Mandy Grunwald made $1.169 million from the DNC, James Carville and Paul Begala receive a $15,000 a month retainer and Stanley Greenberg received $893,000. These individuals also work regularly at the White House. Susan Thomases and Harold Ickes (prior to joining the White House staff) have also been reported to work regularly at the White House. For these individuals and other White House pass holders who work regularly at the White House yet are paid by outside sources please provide the following:

Question. Who pays their salary and what is the salary?

Answer. With the exception of Harold Ickes, who became a federal employee on January 3, 1994, none of the listed individuals regularly "works" at the White House; instead, the listed individuals consult with the President and his staff in fulfilling his role as Head of the Democratic party and as Chief Executive of the United States. The individuals are not paid out of EOP accounts, and thus the EOP has no official reason to know what these individuals are paid. Questions as to how much these individuals make, should be directed to them.

Question. Have these individuals filed financial disclosure forms?

Answer. Since the individuals are not employees of the federal government, they are not required to file financial disclosure forms.

Question. What conflicts of interest have been detailed?

Answer. These individuals have been briefed regarding various ethics issues, including not using their status as consultants to the White House to the advantage of their private clients.

Question. How many days did these individuals work at the White House in 1993? Please provide a listing of how many days each individual has worked at the White

House for 1993. How many days have they worked in the White House so far in 1994?

Answer. These individuals enter the White House complex to meet or consult with either the President, the First Lady, the Vice President or their staffs on an irregular basis. They do not perform official duties of the Executive Office of the President or the White House. In light of this, we believe it would be inappropriate to detail visits or numbers of visits to the EOP, even if such records were kept in a retrievable form.

Question. Where do they work in the White House? What facilities do they use? What resources of the White House are they utilizing?

Answer. These individuals consult with either the President, the First Lady, the Vice President, or members of their staffs and enter for particular meetings with such individuals. They have no dedicated facilities, and utilize no EOP facilities beyond those incident to any EOP visitor's presence.

Question. What issues are they working on at the White House and who do they report to?

Answer. They work on whatever issues on which the President, the Vice President, the First Lady, or members of their staffs request them to consult. Since they do not perform official duties or functions, they do not "report to" anyone in the White House.

Question. The White House Travel Office management report stated that non-government employees who work at the White House have to be approved by a senior individual at the White House. Who has sponsored or signed off on Mr. Carville, Begala, etc.?

Answer. Under current policy, special individualized approval is <u>not</u> required for individuals employed or retained by the DNC whose duties require regular consultation with the President or his staff. Both Mr. Begala and Mr. Carville fall into that category.

Question. Could you please describe your duties in the following areas:

Computers at the White House

Answer. The Office of Information Management (IM) of the Office of Administration is responsible for the maintenance and operation of computers on the White House Complex. The Deputy Assistant Director of IM ultimately reports to me in my capacity as Director of the Office of Administration.

Personnel matters

Answer. The Personnel Management Division (PMD) of the Office of Administration ultimately reports to me. PMD has a general responsibility for most personnel matters in the Executive Office of the President, such as overseeing performance reviews, maintaining appropriate records, and handling benefits questions.

Office security and document security (including safes, safe combinations or locked file cabinet access or control)

Answer. Within PMD is a small security office headed by Chuck Easley, a career employee. Mr. Easley is responsible for security issues within many components of the EOP, including OA, OMB and USTR. In addition, he is responsible for safes found in the White House Complex (with the exception of those in the NSC).

Phone system and phone records

Answer. Both in my capacity as Director of OA and as Special Assistant to the President for Management and Administration, I have managerial responsibility over many aspects of the EOP telecommunications system. However, I do not have free access to the more sensitive elements of the system.

Question. You have told my staff that you did not get your security briefings until January of this year and that you did not have a need for access to secured documents. Given your control over computers, phones, safes, etc. didn't you have direct access to many secure documents prior to your receiving your security briefings?

Answer. While my official security briefing was not given until January, I had received comprehensive instructions on appropriate security procedures many months previously. In any event, I do not have "access" to secure documents in the sense the question implies. The fact that I have managerial responsibilities over these areas does not suggest that I have free access to the data or documents maintained in them. For example, even to enter the data center requires a special access code, which I do not have. Similarly, I have never asked for, nor have I been given, the combination to any safe in the White House Complex. Although the security officer responsible for safes ultimately reports to me, under no circumstances would he grant me access to a safe unless he had independently determined that doing so was both legal and appropriate.

Question. According to the McLarty-Panetta Management Report on the Travel Office affair, you provided at least one report to David Watkins on the status of the Peat Marwick audit. We understand that you and others from Watkin's staff

participated with the Peat Marwick auditors throughout their 3 day review. It this correct? If so, how can you call the Peat Marwick audit "independent"?

Answer. The review of the Travel Office, which began in mid-May, had two parts. A management review -- staffed by the Office of Management and Administration -- and a financial review, which was handled by Peat Marwick.

The Peat Marwick staff was solely responsible for the financial review, and the Office of Management and Administration staff was responsible for coordinating with Peat Marwick and was solely responsible for the management/customer service portion of the review. Thus, the Peat Marwick review was truly independent.

Question. When did the FBI take custody of the Travel Office records maintained by the employees who were fired on May 19, 1993?

Answer. The FBI and White House Office of Records Management began taking joint custody of the Travel Office records on June 10, 1993 and substantially completed the process on June 17, 1993. Between May 19, 1993, and the time the records were taken into the custody of the FBI and the Office of Records Management, the documents were secured in a separate room with access limited to the Secret Service, the Director of White House Personnel Security, and the Acting Director of the White House Administrative Office.

The July 2 White House Management Review conducted by the chief of Staff and the OMB Director stated:

> **"When private persons are granted regular access to the White House to undertake White House assignments, without analysis of their employment status or possible conflicts of interest and without explanation to them of their ethical responsibilities, problems may arise."**

Question. What management and administrative changes have been made to prevent these problems?

Answer. A new policy on White House Access was adopted on September 16, 1993. That policy is as follows: Absent exceptional circumstances (to be determined by the Chief of Staff's Office in Consultation with White House Counsel's Office), White House permanent passes are issued only to employees of the Federal government, with the sole exception of (i) family members of the First Family and (ii) individuals employed or retained by the DNC whose duties require regular consultation with the President or his staff. The term "employee" includes regular employees of the EOP, Cabinet Members and their staff, detailees, special government employees, interns, full time volunteers and volunteers approved by the Volunteer Office to provide full time administrative assistance.

Question. What was the cost to date of putting the fired Travel Office staffers on administrative leave? Did these funds come out of the White House budget?

Answer. The total cost of administrative leave for the Travel Office employees was $115,536.70. Since the individuals were on the White House Office payroll, the funds came out of the White House Office account.

Question. Who provided Harry Thomason with his pass and access to the White House? What was Harry Thomason's role during his tenure at the White House? What kind of space was he provided with and where was it located? Why did Mr. McLarty call Mr. Thomason before the release of the Travel Office review to discuss the review with him? What matters were discussed?

Answer. Mr. Thomason's pass was provided to him by the White House Office of Personnel Security. Mr. Thomason was asked for advice on the staging of presidential events. He was provided temporary use of an office on the second floor of the East Wing of the White House. The Chief of Staff called Mr. Thomason the day before the Management Review was released to notify Mr. Thomason of its release. The Chief of Staff told Mr. Thomason that the report was objectively critical of Mr. Thomason's involvement. The Chief of Staff provided similar notice to others who had been involved in the Travel Office matter.

Question. Please describe the "savings" in the travel office with the new staff. What has been the policy on using detailees or assignees from other agencies to assist on trips? Please detail all occasions were staff from agencies have assisted in advance and travel work.

Answer. There are salary and FTE savings because the staff of the Travel Office has been reduced from a previous level of seven (all WHO FTEs) to a current level of five (four WHO FTEs and one detailee, currently).

More importantly, savings to the press corps has been achieved since the new Travel Office staff introduced greater elements of competition into the process of obtaining press charters.

Detailees from GSA were used in the Travel Office to handle accounting and charter acquisition in the interim period before the new Travel Office staff was completely in place. Currently, there is one detailee from the Department of Agriculture performing accounting duties in the Travel Office.

Except as indicated above and with the exception of international trips, where individuals from other agencies sometimes assist in coordinating logistics, neither detailees nor individuals from other agencies perform duties traditionally performed by the Travel Office.

Question. A report by the non-partisan Congressional Research Service has stated that it is "difficult to verify the reported savings [in White House staffing] without knowing the level of the positions affected and where those positions were located." Last year Ms. Thomasson promised to this committee to provide a White House organization chart with an office by office breakdown on who works at the White House and where they work. Please provide this chart as soon as possible.

Answer. The testimony of Ms. Thomasson reflects the fact that we intended to provide a White House organization chart when such a chart is completed and finalized. To date, such a chart still has not been completed and such efforts have been indefinitely postponed in light of the publication of the EOP Telephone Directory.

It does not appear that any commitment was made regarding an office by office breakdown, other than the commitment to provide a copy of the EOP telephone directory, which was provided on October 22, 1993 to each member of the subcommittee.

Question. As of January 20, 1994, how many White House Office employees had temporary passes? Of these, how many were employed for more than 120 days at the time?

Answer. As of January 20, 1994, 156 White House Office employees who had been employed for more than 120 days had a temporary pass.

Question. Since the start of the Administration, how many White House employees held temporary passes for more than 120 days? How many of these were senior staff? (e.g., Special Assistant to the President, or the equivalent, and above). Please provide a list of the senior White House staff holding temporary passes as of January 20, 1994 and provide the date they were first employed in the White House. Please provide the date on which senior staff obtained their permanent passes.

Answer. At the beginning of the Administration, the entire process for obtaining a permanent pass typically took more than 120 days. Thus, while precise figures on this question are not compiled, most White House staff held temporary passes for 120 days or more. Since January 1994, however, the average period of time from date of employment to issuance of a permanent pass is expected to be approximately four months. The identities of individual pass holders are not appropriate for disclosure.

Question. For calendar year 1993, what was the average time between:

> **A. an employee's appointment date and the date the employee's completed SF-86 was submitted to the FBI;**

Answer. In 1993, the average period of time between an employee's appointment date and submission of his or her SF-86 was approximately 90-120 days. Under current procedures, all employees must complete their SF-86 within 30 days. The form is submitted to the FBI within a matter of days after it is completed.

B. the submission of the SF-86 to the FBI and the completion of the FBI background investigation;

Answer. Approximately 60-90 days.

C. the completion of the FBI background investigation and the date the Secret Service was authorized to issue a permanent pass?

Answer. Approximately seven months. Now that the initial backlog has been resolved and additional resources have been committed, White House Counsel's Office forwards its recommendation to the Secret Service on a significantly accelerated basis, typically within a matter of weeks.

Question. How many non-federal employees currently hold White House passes? Are these persons required to submit SF-86's and undergo FBI background investigations? Do any of these persons have office space assigned to them in the White House or New or Old Executive Office Buildings? please provide a list of all such persons and provide a reason why they hold a White House pass.

Answer. Excluding members of the press, volunteers and interns, approximately 230 non-federal employees currently have a White House pass. In general, they fall into two categories: (1) a small number of individuals employed or retained by the DNC whose duties require regular consultation with the President or his staff and (2) contractors who require access to perform duties under various contracts related to the operation and maintenance of the Complex. (Providing a list of all such passholders and the precise reason each requires access would not be appropriate.) Under current procedures, all such individuals are required to submit an SF 86 and to undergo a full field FBI background check. While most of these individuals do not have office space in the White House Complex, a small number do. (None, however, are political advisors.) For example, several AT&T employees have office space on the OEOB to enable them to better perform their duties with respect to the White House telecommunications system.

Question. Is it possible for an individual to be granted a security clearance without completing an FBI background investigation? If so, please explain what kind of security clearance process is being done and who are the parties who are handling security clearances,

Answer. There are various levels of classified information. Clearance for access to compartmented information requires approval by the CIA. White House Counsel's

Office on occasion approves access to lesser-levels of classified information prior to final issuance of a permanent pass. In general, individuals who have not yet been issued a permanent pass but who do have a favorably adjudicated background investigation are entitled to review such non-compartmented information on a need to know basis. In rare instances, Counsel's Office also may grant interim access to individuals whose background investigation is still pending. In assessing the appropriateness of granting such access to an individual with a demonstrated need to know, Counsel's Office may rely on the background investigation conducted during the course of prior federal employment, review of the completed SF-86, and other relevant information available to it.

Question. Please describe the process followed from the time an employee's FBI background is completed to the time he or she is issued a permanent pass. Include the identity of the individuals who are responsible for reviewing background investigations and determining whether an employee should be issued a White House pass?

Answer. In general, the information provided by the FBI is reviewed by White House Counsel's Office and the White House Personnel Security Office (WHPS). On the basis of that review -- and its review of other potentially relevant information concerning the individual's background -- Counsel's office (1) determines whether it is appropriate (or inappropriate) to recommend issuance of a permanent pass and (2) forwards that recommendation to the Secret Service. The recommendation that a permanent pass be issued can be accepted or rejected by the Secret Service. While White House Counsel staff conduct the day-to-day operation of the security office, Mr. Cutler is ultimately responsible for the process.

Question. Please describe the procedure that is used to prevent unauthorized persons (employees and other individuals who do not hold a permanent pass and security clearance) from accessing classified information that may be present in a variety of offices within the White House and other buildings of the EOP complex. Please describe the procedure followed to ensure that these persons are not permitted to attend meetings where classified information is discussed.

Answer. A number of procedures and policies guard against the unauthorized disclosure of classified information. Most significantly, it is the responsibility of the person who wishes to share classified information with another individual to ascertain whether he or she (1) has the appropriate security clearance and (2) truly has a "need to know." This fundamental principle is explained in detail in the security briefing all White House employees are required to attend. In addition, all White House staff are advised that disclosure of classified information to unauthorized persons may result in criminal prosecution and that, when in doubt, they should contact the White House Personnel Security Office to verify the level of any given individual's security clearance.

Question. Has the Secret Service been asked to issue any passes in any individual cases even though they have not been permitted to review the FBI background investigative file? Have there been occasions when only a partial file has been forwarded to the Secret Service rather than the full file? If so, why was this done and what was the outcome?

Answer. The Secret Service has never been asked to issue a pass without being provided the individual's FBI background investigation report. (The only exception is for positions requiring Senate confirmation; in such instances the Senate has already had an opportunity to review the file.) Counsel's Office does forward a partial file to the Secret Service in one limited circumstance: when, in the course of its investigation, the FBI discovers a matter of such concern that it warrants immediate attention. In such instances, the FBI informs Counsel's Office of the concern and the partial file is forwarded immediately to the Secret Service for its consideration. On all such occasions, Counsel's office has followed the Secret Service's determination as to whether to restrict the individual's access to the Complex.

Question. Ms. Thomasson has explained that Mack McLarty's background file was "adjudicated" on January 22, 1993 and that Bill Kennedy's file was "adjudicated" in March of 1993. Why was there then a lengthy delay in forwarding these files to Secret Service? What was done with the files in the time in between? Who "adjudicated" their files? How did they receive their security clearance?

Answer. Mr. McLarty's file was adjudicated by the White House Personnel Security Office and verified by Mr. Kennedy after his arrival. Mr. Kennedy's file was adjudicated by the Director of White House Personnel Security. Both individuals received their security clearances on the basis of their favorably adjudicated background investigations. Between the time of their favorable adjudications and the date their files were forwarded to the Secret Service, the files remained in White House Counsel's Office. The delay was attributable solely to an operational inefficiency in Counsel's Office that has since been corrected.

QUESTIONS SUBMITTED FOR THE RECORD BY CONGRESSMAN ISTOOK

Question. Please describe the policy that governs the use of "Contract Employee Passes." Provide for the Subcommittee a list of how many of these passes the Administration has issues, for how long, in general, they are valid, and how many are currently in use.

Answer. Contractors are granted temporary or permanant passes for the appropriate area of the White House complex solely on an "as needed" basis. In order to be granted a permanent pass, such individuals must: (1) complete the SF 86 and other security-related paperwork, (2) undergo a full-field FBI background check, and (3) be favorably adjudicated for access on the basis of that check. At present, there are approximately 230 contractors who have a permanent or temporary pass. The great majority of them require access to perform duties under various contracts relating to the operation and maintenance of the Complex (e.g., the telephone system).

Question. At the hearing, Ms. Thomasson reported that none of the basic "1,044" on the White House staff received moving expenses or a federal recruiting bonus. Is this true also of employees of OMB and USTR? For example, did Mr. Kantor receive moving expenses or other transitional benefits when he assumed his post? Did other staff or officials of these two offices receive such benefits when they accepted their positions? If so, please describe the benefits received and their cost.

Answer. No staff member in the White House Office, the Office of Administration, the Office of the Vice President, or the Office of Policy Development received moving expenses or a federal recruiting bonus since January 20, 1993. The testimony of Ms. Thomasson was slightly mistaken because the Director of the Office of National Drug Control Policy is included in the 1,044 and he did receive reimbursement for relocation expenses.

Regarding OMB and USTR, we refer you to those agencies for the specifics on their relocation reimbursements.

Question. The White House has announced that Messrs. Begala, Carville, Greenburg and Ms. Grunwald will be undergoing the same security background check as White House staff members. Will this procedure include the same financial and conflict-of-interest disclosure required of high-ranking federal officials? When do you expect these background checks to be complete?

Answer. Messrs. Begala, Carville, and Greenberg and Ms. Grunwald are currently undergoing full-field FBI background checks, all of which should be completed in 90 to 120 days. Because they are not employees, they are not subject to "financial and conflict of interest" disclosure obligations. All four have been

counseled by White House Counsel's Office on ethics matters and the appropriate limit of their roles as political advisors.

Question. Ms. Thomasson discussed some of the costs associated with the White House Conference Center at Jackson Place. Please provide details on the full cost of the center (she mentioned it was about $385,000). Please specify how much of the total costs were provided form White House accounts and how much came from GSA accounts.

Answer. The cost to the White House Office of the Conference Center at Jackson Place was $344,394 which was obligated with fiscal year 1993 funds. These costs include $200,000 in construction costs, $84,240 for audio-visual equipment, and $60,154 for furniture. With regard to any costs incurred by General Services Administration, we refer you to that agency for specifics on its costs in connection with the Conference Center.

White House Staff

Question. For the purpose of achieving the 25% staff cut, were some White House workers transferred to the payrolls of other agencies, and then "detailed" back to work at the White House?

Answer. No White House workers transferred to payrolls of other agencies and then detailed back to work at the White House.

Question. Has the number of detailees working at the White House changed in relation to the number of on-board White House staff since the 25% reduction was implemented? If so, what was the ratio of detailees to White House staff in November 1992? What is it now?

Answer. On November 7, 1992, there were 413 White House employees and 57 other government employees on board at the White House. As of March 21, 1994, there were 387 White House employees and 37 other government employees on board.

Question. Were some staff in OA's Facilities Management office moved to GSA's payroll, even though they continue to work at the White House and perform the same work?

Answer. The facilities management and historical preservation services were located in GSA prior to being shifted to the Office of Administration during prior Administrations. Upon analysis of their functions, it was the view of this Administration that those services rightly belonged in the GSA and were thus transferred back to the GSA on October 1, 1993, the end of the first fiscal year of

this Administration. This transfer involved two Facilities Management Specialists, one Historical Preservation Research Specialist, and one Preservation Officer.

Facilities management and historical preservation of government buildings were functions that were already being performed by GSA. It was in the best interest of the government to incorporate these functions into GSA to promote the efficiency of the service. GSA already provided similar services from its offices in the Executive Office Building.

Use of Volunteers

A current court case involves the question of whether private citizens, paid by outside sources, served on the interdepartmental working group of the Health Care Task Force.

Question. Are any staff, paid by private, non-governmental sources, currently working at the White House to formulate or advance Administration Policy, especially in the health care area?

Answer. There are no staff paid by private, non-governmental sources currently working at the White House to formulate or advance Administration policy.

Question. Are any staff paid by private, non-government sources working in the health care communications "war room," or other ongoing efforts to advance White House policy initiatives?

Answer. We have identified an individual who volunteers support assistance in the War Room on an intermittent basis who is employed by a non-governmental entity.

Official Travel

In your budget submission, the EOP is requesting a $40,000 increase for official travel in FY 1995.

Question. Please provide the Subcommittee a full accounting of all Air Force One trips the President has taken within the United States since taking office. Include recent trips to Chicago, New Hampshire and Florida. The accounting should provide the following information:

a. the number of trips;

b. the destination and itinerary of each trip;

c. whether and what parts of each trip were official, their cost, and from what official accounts these costs were met;

Answer. The following tables show the number of trips (a); the destination of each trip (b); as well as the designation (official, political, or mixed), and total cost of each trip paid from travel funds appropriated to the White House (c). Official Cost indicates the cost paid from appropriated funds White House travel. On official trips, it represents the entire cost; on mixed trips this figure represents the total official costs paid from appropriated funds. For political travel, since such costs are not paid from appropriated funds, the box is blank. On official trips with more than one stop, the figure in the total cost column is a summation of all costs for all stops on a trip.

Presidential Trips

Fiscal Year 1993 (January 20, 1993 - September 30, 1993)			
Date	Destination	Designation	Official Cost
2/10-2/11/93	Detroit, MI	Mixed	$5,734.62
2/18-2/19/93	St. Louis, MO	Official	$12,331.00
	Chilicothe, OH	Official	
	Hyde Park, NY	Official	
2/21-2/22/93	Santa Monica, CA	Official	$16,714.24
	San Jose, CA	Official	
	Seattle, WA	Official	
3/1/93	Rutgers, NJ	Official	$5,649.95
3/12/93	Norfolk, VA	Official	$729.50
3/19/93	Atlanta, GA	Official	$8,630.25
3/21/93	Little Rock, AR	Official	$606.00
3/28/93	Little Rock, AR	Official	$1,961.50
4/1-4/4/93	Annapolis, MD	Official	$21,196.25
	Portland, OR	Official	
4/5/93	Baltimore, MD	Official	$22.50
4/8-4/10/93	Little Rock, AR	Official	$5,143.50
	Scranton, PA	Official	
4/17/93	Pittsburgh, PA	Official	$4,635.50
4/24-4/25/93	Jamestown, VA	Political	
	Boston, MA	Official	$5,601.84
4/30/93	New Orleans, LA	Official	$8,700.21
5/10-5/11/93	Cleveland, OH	Official	$20,704.26
	Chicago, IL	Official	

Date	Destination	Designation	Official Cost
5/12/93	New York, NY	Mixed	$3,964.27
5/15/93	New York, NY	Official	$2,346.65
5/17-5/18/93	Los Alamos, NM	Official	$22,749.53
	San Diego, CA	Official	
	Los Angeles, CA	Official	
5/22/93	Stratham, NH	Official	$11,776.25
	Manchester, NH	Official	
5/28/93	Philadelphia, PA	Mixed	$1,881.95
5/29/93	West Point, NY	Official	$5,961.31
6/1/93	Milwaukee, WI	Official	$5,426.10
6/19/93	Boston, MA	Mixed	$3,864.25
	Portland, ME	Mixed	
7/4-7/14/93	Philadelphia, PA	Official	$81,201.62
	Davenport, IA	Official	
	San Francisco, CA	Official	
	Honolulu, HI	Official	
	Des Moines, IA	Official	
7/17-7/18/93	St. Louis, MO	Official	$6,860.49
	Little Rock, AR	Official	
7/23-7/25/93	Little Rock, AR	Official	$1,424.50
7/26/93	Chicago, IL	Mixed	$5,514.48
8/9/93	Charleston, WV	Official	$5,209.50
8/12-8/18/93	St. Louis, MO	Official	$72,058.44
	Denver, CO	Official	
	Oakland, CA	Official	
	Denver, CO	Mixed	
	Vail, CO	Official	
	Tulsa, OK	Official	
	Fayetteville, AR	Official	
8/19-8/29/93	Martha's Vineyard, MA	Official	$22,233.59
9/3/93	Dover, DE	Official	$1,098.98
9/5-9/6/93	Miami, FL	Official	$11,839.30
9/9/93	Cleveland, OH	Official	$6,489.50

Data	Destination	Designation	Official Cost
9/10-9/11/93	Sunnyvale, CA	Official	$24,341.49
	Houston, TX	Official	
9/15/93	New Orleans, LA	Official	$7,641.00
9/23-9/24/93	Tampa, FL	Official	$13,190.65
9/26-9/28/93	New York, NY	Mixed	$1,458.25
		Grand Total	$436,893.22

Presidential Trips			
Fiscal Year 1994 (October 1, 1993 - March 21, 1994)			
Date	Destination	Designation	Official Cost
10/3-10/5/93	Sacramento, CA	Official	$19,913.89
	Los Angeles, CA	Mixed	
	San Francisco, CA	Official	
10/8/93	New Brunswick, NJ	Official	$4,851.65
10/9/93	New Haven, CT	Official	$9,052.75
10/12/93	Chapel Hill, NC	Official	$4,848.84
10/28-10/29/93	Baltimore, MD	Official	$17,093.77
	New York, NY	Mixed	
	Boston, MA	Official	
11/3/93	Ambridge, PA	Official	$5,637.00
11/4/93	Lexington, KY	Official	$6,239.27
11/11/93	Martinsburg, WV	Official	$1,405.00
11/13/93	Memphis, TN	Official	$6,584.50
11/18-11/21/93	Seattle, WA	Mixed	$12,390.49
	San Francisco, CA	Political	
	Los Angeles, CA	Official	
12/3-12/5/93	Albuquerque, NM	Mixed	$13,633.83
	Los Angeles, CA	Mixed	
12/13/93	Bryn Mawr, PA	Official	$9,663.63
	New York, NY	Political	
12/27/93-1/3/94	Little Rock, AR	Official	$37,764.28
	Fayetteville, AR	Official	
	Hilton Head, SC	Official	
1/6/94	Milwaukee, WI	Official	$9,575.94
1/6-1/8/94	Hot Springs, AR	Official	$5,294.88

Date	Destination	Designation	Official Cost
1/19/14	Los Angeles, CA	Official	$4,174.00
2/6-2/8/94	Houston, TX	Mixed	$25,738.50
	Shrevaport, LA	Official	
2/12-2/13/94	Hot Springs, AR	Official	$3,400.00
2/15/94	London, OH	Official	$6,889.34
2/16/94	Edison, NJ	Official	$9,700.00
2/24/94	Norwich, CT	Official	$9,450.00
2/28/94	Chicago, IL	Official	$9,375.00
	Pittsburgh, PA	Official	
3/10/94	Naw York, NY	Official	$7,375.00
3/13-3/16/94	Detroit, MI	Official	$26,500.00
	Boston, MA	Mixed	
	Manchaster, NH	Official	
	Ft. Drum, NY	Official	
3/20-3/2194	Miami, FL	Mixed	Not available
		Grand Total	$265,551.56

Question (d). The accounting should also include a list of entities that paid for unofficial travel. How these entities are billed, how much has actually been collected by the government, and what amounts are still outstanding.

Answer: The payment process for trips involving political travel, which has been in place for at least two Administrations, is as follows:

(1)The White House receives invoices for costs associated with a particular trip;
(2)The hard-time formula is applied to allocate the costs between official and political;
(3)The White House pays only the official portion of costs associated with the President's travel;
(4)The White House Administrative Office processes the political portion of the costs through the headquarters of the President's political party (currently the Democratic National Committee; during the prior Administration it was handled through the Republican National Committee); and,
(5)The White House Administrative Office receives the payment from the entity responsible for the political costs associated with the President's travel and forwards the check from that entity directly to the vendor.

Currently, no funds are owed to the government by any entity for costs associated with political travel. The costs billed by vendors to entities paying costs associated with political Presidential travel are not paid from funds appropriated by Congress. Accordingly, we have not listed such entities.

Question (e). The accounting should also include a list of private (i.e., not federal employees or officials) individuals who traveled with the President on each trip, excluding press; whether and how these individuals reimbursed the government for their travel, and the status of any amounts to be collected from them.

Answer. It is a long-standing policy of the White House not to release information regarding the persons with whom the President meets or travels. The requested information falls within that category, and thus is not included.

Regarding reimbursement for individuals who travel with the President, it is the policy of the White House that all individuals who travel with the President in a political capacity -- including political consultants such as James Carville, Mandy Grunwald, and Paul Begala -- must reimburse for their travel on government aircraft. Such individuals are billed either personally or to the Democratic National Committee.

As has been the case in previous administrations, individuals traveling as guests of the President (for example, Congresspersons) travel on a non-reimbursable basis when accompanying the President on Air Force One. Other than federal employees and members of the first family, guests of the President are the only individuals who, as a matter of policy, do not reimburse for flying on Air Force One. Political consultants -- such as James Carville, Mandy Grunwald, and Paul Begala -- are not guests and accordingly, always travel on a reimbursable basis.

Question. In the case of political trips, what role do campaign workers and consultants have in the planning and advance of the President's trips? If the planning and advance for a campaign trip is done by federally paid employees, is the government compensated for their time?

Answer. In the case of political trips, a candidate's campaign workers and consultants do not plan or advance the President's travel. During non-Presidential election years, the candidate's campaign or political committee pays for costs associated with facilitating the President's presence at the event (*e.g.*, for advance staff -- hotel, travel, per diem, etc.) using the formula outlined by the Office of Legal Counsel in 1982.

Pursuant to these guidelines and long-standing practice, the federal government is not, and never has been to our knowledge, compensated for the time spent by federal employees (*i.e.*, non-Hatched employees, U.S. Secret Service, military personnel) to facilitate the President's appearance at a political event.

Question. Who plans and does the advance work for the official President's travel? Is this done by regular White House staff, and if so, by what office? If not, is the work done by detailees from the Air Force or from other agencies?

Answer. White House employees in the Scheduling and Advance Office plan and advance the President's travel. Primary advance for the President's official travel is conducted by paid White House employees or unpaid volunteers .

Question. Who on the White House staff is responsible for determining whether trips, or any parts thereof, are official or political?

Answer. The White House Administrative Office requests a copy of the trip schedule as it actually occurred to determine whether the trip events took place as originally planned by the Office of Scheduling and Advance. After review, a trip memorandum is created by the White House Administrative Office that describes all activities by the President and specifies the nature of the trip with allocable distribution between official and political (if political activity is involved) funding sources. This memorandum is then reviewed by the White House Counsel's Office, the Office of Scheduling and Advance, the Office of Political Affairs and the Office of Management and Administration. With final approval, it is determined whether costs will be paid with appropriated funds or political funds as applicable.

Question. What method do you use to identify official and political travel? Is this method different from that used by previous Administrations?

Answer. The determination between official and political is made according to the nature of the activities that are planned and what actually occurred during the trip. Official travel is that which supports the President in his role as Chief Executive of the United States. An example would be travel associated with an address to a local Chamber of Commerce. Political travel is that associated with the President's role as head of his political party. An example would be an address to a Democratic party fund raiser or direct support of an official Democratic party candidate.

As indicated in the previous response, there are many levels of review to assure that costs incurred in both forms of travel are properly charged. This method is consistent with that used by previous Administrations.

Question. In the Spring of 1992, Congressman Kanjorski released information that the cost of Air Force One was $45,000 an hour? Is this estimate accurate? If not, what is a fair and accurate assessment of the cost to the taxpayer of the President's official travel?

Answer. The costs of operating Air Force One are determined by the Air Force, and we would refer you to the Air Force for this information.

QUESTIONS SUBMITTED FOR THE RECORD BY CONGRESSMAN WOLF

Drug Testing

In Senate testimony you stated that this Administration has made it a policy of drug "testing of all new employees, as well as a random test of at least 12 percent--a minimum of 12 percent of those employees who are in a testing designated position."

Question: Who conducted such tests on new employees? Please discuss who handles each step -- collection, analysis, and review? Who receives the final results? Who takes action if a positive test occurs? Who is conducting the random drug tests now? How often are "random" tests done? How was this process developed? Please provide a copy of the EOP Drug-Free Workplace Plan.

Answer. The collection facility for all drug tests (new employees and random) is American Medical Laboratories, 1145 19th Street N.W., Suite 629, Washington, DC. The analysis is done by the Navy Drug Screening Lab in Norfolk, VA. The review is conducted by the Medical Review Official (MRO) who is a White House physician from the military. The final laboratory results are received by the MRO. Each EOP agency has identified in the Appendix to the Drug Free Workplace Plan the official of their agency designated to receive positive drug test results. The Personnel Management Division of the Office of Administration determines who will be randomly drug tested through a computer driven random selection program. A total of 12% of the testing designated positions must be randomly tested on an annual basis. Generally, 2% of the pool are tested 6 times a year. The process of random testing was developed in response to the Executive Order 12564. The EOP adopted the model agency plan developed by a Federal Interagency Coordinating Group. The EOP's Drug Free Workplace Plan mirrored the model agency Plan and was approved by the Department of Justice.

Question. What records have been kept of this testing at each step in the process? Do you have records of the dates testing was done for each individual employee?

Answer. The Office of Administration's Personnel Management Division maintains drug testing appointment books indicating the dates individuals were scheduled for testing. Records relating to drug testing are maintained in accordance with Section XI of the Plan.

Question. What records are being kept of the random drug testing? Who is in charge of this process? Is this individual a political or career appointee? If an outside agency or company is used, how was it selected and please describe such.

Answer. Records of random listing selections are maintained. The individual in charge of the Drug Free Workplace Plan is the Director of the Personnel Management Division who serves as the Drug Plan Coordinator. This position is filled by a career civil service employee. American Medical Laboratories, the collection facility, was selected through the full and open competitive procurement process.

Question. When you say that all individuals had tests before they began work at the White House does this mean that the full analysis had come back or that the individuals had reported to the collection point of contact?

Answer. All employees of the White House either reported to work after full analysis negative drug test results were received or after signing an acknowledgement indicating that their appointment would be terminated if a positive drug test result was received.

Question. How was this process handled at the beginning of the Administration? Had all the individuals who started work on January 10, 1993 had drug test analysis completed?

Answer. Due to the large number of people assuming positions at the EOP during a change in administration, it is impractical to test all of them prior to appointment. The Plan recognizes this fact and makes special provisions as set forth in Section IX.C. Most individuals who started on January 20, 1993 were drug tested after they reported to work and signed an appointment subject to drug testing acknowledgement. The EOP Drug Free Workplace Plan allows for testing of employees at a later date during times of transition.

Question. For those individuals who were retroactively put on the payroll, when did they have their drug testing done?

Answer. Any retroactive appointee who had not already been drug tested, was tested in accordance with Section IX.C of the Plan as indicated above.

In regard to instances where individuals, who because of extensive and/or recent drug use found in their backgrounds, have been requested to be subject to a program of random drug testing of the individual in order to issue them a permanent pass and if they fail any test they are to be fired immediately according to the policy:

Question. How many employees in the White House Office, Office of Policy Development, Office of Administration; Vice President's Office (Special Assistance to the President), Office of the First Lady, and Office of National Drug Control Policy have been requested to be part of such an individual random drug testing program in order to have a pass? Please update as the 200 or more yet uncompleted background files are forwarded to the Secret Service.

Answer. Approximately 1% of the 1044 employees of the in the Executive Office of the President, including senior staff, have been requested to be part of an individual drug testing program. The Secret Service is informed of each such request and would be notified in the event of any positive test results. A similar individual drug testing program was in place in the prior administration.

Question. Of the 125 jobs designated as most senior jobs at the White House, how many have been requested to be subject to this random testing? Please update as the 200 or more as yet uncompleted background files are forwarded to the Secret Service.

Answer. Please see prior response.

Question. Who is in charge of this program of randomly testing the individuals involved? How was such individual or company, firm, etc., selected?

Answer. The employees are tested under the same conditions as the program for routine drug testing in the Executive Office of the President. The individual in charge of the Plan is the Director of the Personnel Management Division who serves as the Drug Plan Coordinator. This position is filled by a career civil service employee. This individual is designated by the Director of the Office of Administration to carry out the provisions of the Plan.

Question. If an individual fails a drug test who is notified and what is the process in relieving the individual of their duties? Are individuals in these instances suspended or fired?

Answer. The Plan requires that individuals who test positive through applicant drug testing must not be hired, or must be fired if already on the rolls. Individuals who test positive through random drug testing must be afforded the opportunity to seek rehabilitation and their continued retention is subject to completion of rehabilitation and remaining drug free. If an individual tests positive pursuant to an individual drug testing program, the Secret Service is notified, and the individual is subject to immediate dismissal.

Question. Does the minimum 12 percent of employees to be tested as part of the general drug free workplace plan for the Executive Office of the President include the individuals designated to be randomly drug tested due to concerns with their drug history?

Answer. No.

Question. How is the random testing done? How often? How much notice is given to an individual before testing is done? Is an individual allowed to postpone a "random" test? Has this occurred on any occasion?

Answer. The Personnel Management Division of the Office of Administration determines who will be randomly drug tested through a computer driven random selection program. A total of 12% of the testing designated positions must be randomly tested on an annual basis. Generally, 2% of the pool are tested 6 times a year. An individual is notified in writing the day they must report for random testing. A follow up phone call is placed the same day. The Drug Free Workplace Plan does allow for deferral of random testing but only for specific situations, for example, when the employee is on leave or on official travel. There is also a provision whereby the designated official of the agency may authorize a deferral for an employee whose immediate work demands require uninterrupted continuation. These are granted only in very rare instances. Deferrals are automatically included in the next round of random testing. Individual testing occurs twice a year, at unannounced times, as an additional component of the random drug testing program.

Question. Have you or anyone in the Office of Administration participated in meetings regarding White House passes to discuss the delay in sending forward the background files in order to issue permanent passes? If so, how many such meetings occurred? Which meetings did you attend? With whom have you discussed the drug testing program? What is your role in this process? Does anybody report to you on this matter?

Answer. In order to prepare for my testimony before the Committee, my staff and I participated in several meetings on the subject of White House passes. The purpose of these meetings was to gain a better understanding of the process as a whole. As well, OA's General Counsel and Security Officer have participated in meetings to determine the general reasons for the delays. Similarly, in the course of preparing responses to these Questions for the Record, my staff and I have participated in several meetings concerning the pass issuance process.

Because the Drug Testing Program is administered by the Office of Administration, Personnel Management Division (PMD), there have been general discussions related to the program with the Director of PMD, the OA General Counsel, and the Assistant Director of OA. In addition, there have been conversations with White House Counsel's Office regarding the operation and administration of the Drug Testing Program. Finally, while the Director of PMD ultimately reports to me, I do not have any day-to-day involvement in the drug testing program.

Question. How is funding for the drug testing allocated? From which office? What has been the cost since January 10, 1993 for drug testing?

Answer. Funds for the EOP Drug Free Workplace Plan are centrally budgeted in the Office of Administration account. Costs are as follows:

Fiscal Year 1993	$29,539
Fiscal Year 1994	$24,756 (projected)

QUESTIONS SUBMITTED FOR THE RECORD BY CONGRESSMAN MCDADE

White House Staff

The President has committed to reducing his staff by 25 percent from the level employed by the White House on November 7, 1992. Full time employee equivalents, FTEs, identified in the President's budget Appendix for the Executive Office of the President show that the President has achieved about half of his goal, a reduction of 10 percent. Nonetheless, it is my understanding that your calculation of EOP staff cuts shows a 25 percent reduction.

Question. Referring to "Personnel Summaries" included on pages 55-65 of the President's Budget Appendix, what is the difference between FTE levels shown in EOP accounts in the Appendix and calculations used by your office?

Answer. The personnel summaries on pages 55-65 of the President's Budget Appendix reflect actual and estimated FTE usage as reported to the Office of Personnel Management. The 25 percent reduction was based on actual on-board personnel including both EOP employees (whose working hours are included in the FTE usage) as well as other government employees that are not counted against the currently approved FTE allocations. The 25 percent reduction is based on a comparison of on-board staff on November 7, 1992 to those on board on October 1, 1993.

Question. Are detailees included in your calculations? Why are detailees included if they are not paid for by EOP accounts?

Answer. Yes, detailees are included in our staff calculations. The President's 25 percent reduction was designed to reduce the number of people working in the White House complex. The on-board strength, the basis for the reduction calculations, includes EOP staff and other government employees, many of whom are detailed from other agencies.

Question. The President's Budget Message submitted to the Congress includes a table showing Federal Employment in the Executive Branch (*Table 7-9* on page 248). This table does not list the Executive Office of the President. Are FTE's in the Executive Office of the President considered part of the Executive Branch? Provide FTE levels for the Executive Office of the President consistent with those in *Table 7-9* of the President's Budget Message.

Answer. FTE's in the Executive Office of the President are considered part of the Executive Branch and are included in the line "All other small agencies." The table below lists FTE levels consistent with Table 7-9 of the President's Budget Message and excludes effects of FY 1994 supplemental appropriations and FY 1995 budget amendments.

	1993 Base	1993 Actual	1994 Estimate	1995 Estimate	Change 1993 base to 1995 FTE	Percent
FTEs	1,877	1,806	1,651	1,636	-241	-13%

Question. Using the standard definition of Full Time Employee Equivalent included in OMB Circular A-11, provide 1992 actuals, 1993 actuals, 1994 estimates and 1995 estimates for the following accounts. Include totals for each year and percent change FY 1993-FY 1995.

Answer. The requested information is shown in the following table which excludes effects of FY 1994 supplemental appropriations and FY 1995 budget amendments.

Executive Office of the President					
Treasury, Postal Service & General Government Appropriations					
FTE Levels - FY 1992-1995					
	FY 1992	FY 1993	FY 1994	FY 1995	% Change
Agency/Account	Actual	Actual	Estimate	Estimate	FY 1993-95
Compensation of the President	1	1	1	1	0%
White House Office	362	445	400	400	10.50%
Office of Administration	239	234	189	189	-20.92%
Office of National Service	0	0	1	0	0 %
Special Assist. to the President	20	20	21	21	5.00%
Official Residence of the VP	1	1	1	1	0.00%
Office of Policy Development	36	39	40	40	11.11%
Council of Economic Advisers	31	31	35	35	12.90%
National Security Council	54	51	60	60	11.11%
SUBTOTAL	744	823	748	747	0.40%
Council on Environ. Quality	27	22	10	10	-62.96%
Executive Residence at the WH	93	89	89	89	-4.30%

Agency/Account	FY 1992 Actual	FY 1993 Actual	FY 1994 Estimate	FY 1995 Estimate	% Change FY 1993-95
National Space Council	6	3	0	0	-100.00%
Nat'l Critical Materials Council	2	2	0	0	-100.00%
Office of Nat'l Drug Control Policy	130	112	40	40	-69.23%
Office of Sci. & Tech. Policy	34	29	40	40	17.65%
SUBTOTAL, Cumulative	1,036	1,084	927	926	-10.62%
Office of Management & Budget	572	561	556	542	-5.24%
U.S. Trade Representative	156	161	168	168	7.69%
TOTAL, Cumulative	1,764	1,806	1,651	1,636	-7.26%
Source: Budget of the U.S. Government, 1994 and 1995					
FTE Amounts include reimbursable and direct FTEs.					

Salaries for White House Office

Not only has the President made a commitment to reduce his staff, he also made a commitment to "set top staff salaries 6 to 10 percent less than top Bush Administration staff salaries." Of your total increase for the White House Office, 65 percent is targeted to salary increases ($1,990,000).

Question. If this salary increase is approved, will top staff salaries of the Clinton Administration remain 6 to 10 percent below that of top Bush Administration staff?

Answer. If the requested increase is approved and applied to the senior staff, then the pay ranges for top staff would be approximately 4.5 to 8.5 percent below those of the previous Administration.

Question. For the White House Office, why does the average GS salary increase by 1.6% and the average salary of ungraded positions increase by 6.2%? Is it anticipated that "ungraded positions" will receive more than the estimated 1.6 percent cost of living adjustment?

Answer. No. The budget request will allow for an increase in policy staff and a reduction in support staff; this change of ratio of policy to support accounts for the higher average increase in ungraded positions. The number of GS equivalent positions remains at the same level in 1994 and 1995.

Funds Appropriated to the President (Unanticipated Needs)

The justification material submitted for unanticipated needs shows only $1.0 million for FY 1994. However, P.L. 103-211, the 1994 Emergency Supplemental Appropriations Act, included $550 million for emergency expenses related to the LA earthquake in this account.

Question. Why isn't this $550 million reflected in your estimates for FY 1994 for Unanticipated Needs? How are these funds tracked?

Answer. The President's Emergency Supplemental budget request for "unanticipated needs" was developed expressly to meet emergency needs resulting from the Southern California earthquake, the Midwest floods and other disasters. The $550 million in supplemental funds has been assigned a separate accounting symbol by the Treasury. The disaster assistance funding is to be distributed among various Federal agencies providing such assistance based on the plans which they submit to the President through OMB. OMB will track all interagency transfers from this appropriation and the Office of Administration's Financial Management Division will record all such transfers against available authority.

Reductions in Administrative Expenses

Last year, the President issued an Executive Order requiring administrative expense reductions of "not less than" 3 percent in 1994, growing to "not less than" 14 percent in 1997. As I understand it, administrative expense reductions are estimated at 6 percent in FY 1995.

For FY 1994, you testified before this subcommittee that administrative reductions for the White House Office were $200,000 , $265,000 for the Office of Administration, and $8,000 for the Office of the Vice President.

Question. Did these estimates change? What was the actual amount of administrative reductions for these three accounts in 1994?

Answer. These estimates did not change. Administrative reductions were taken in developing the budget estimates for each of these accounts. They were $200,000 for the White House Office, $265,000 for the Office of Administration, and $8,000 for Special Assistance to the President (Office of the Vice President). These reductions were calculated at 3 percent of all applicable object classes in FY 1993. The budget estimates for FY 1995 included reductions of an additional 3 percent over FY 1993 for a total reduction of 6 percent.

For FY 1995, your testimony indicates exactly the same amount of administrative reductions for the White House Office and the Office of Administration, i.e., $200,000 and $265,000 respectively.

Question. Why are estimates of administrative savings the same for these two accounts for FY 1994 and FY 1995? Given that the President's directive is to gradually increase administrative savings over the next three years, shouldn't we see an increase in administrative savings for these two accounts?

Answer. The President's directive was to achieve a cumulative 6 percent reduction by FY 1995. The budget requests for FY 1994 and FY 1995 each include reductions for savings in administrative costs of 3 percent per year over the FY 1993 level for all applicable object classes, thus achieving the required 6 percent cumulative savings.

Question. Are the White House Office and the Office of Administration exempt from the President's directive to achieve administrative savings of "not less than" 6 percent in FY 1995?

Answer. The White House Office and the Office of Administration are not exempt from the President's directive to achieve administrative savings of 6 percent. The budget estimates for both these accounts reflect administrative savings of 3 percent in both FY 1994 and 1995 for a cumulative total of 6 percent below FY 1993 levels.

Obligated Balances Carried Over

According to supporting documents submitted with your testimony, obligated balances for the White House Office, the Office of Administration, the Office of Policy Development and Special Assistance to the President are, on average, increasing by more than 15 percent over the FY 1994 to 1995 period, with increases of almost 25 percent for the White House Office alone. Since the end of FY 1992, there has been an overall increase of 63 percent in obligated balances for these four accounts.

Question. What accounts for this growth in obligated balances over the 1992 to 1995 period?

Answer. Supplemental funding was requested in FY 1993 for the Office of Administration, the White House Office (WHO) and Special Assistance to the President (OVP). Since the requested supplemental funding was not approved until July, discretionary spending had to be deferred until availability of additional funding could be assured. Accordingly, a much higher than normal level of obligations was incurred late in the fiscal year which would not be liquidated until early in the next fiscal year. In a similar fashion, the Office of Policy Development

(OPD) deferred much of its discretionary spending until receipt of reimbursements from the Treasury Department in support of Health Care Reform initiatives. This also resulted in a smaller than usual first-year spend-out rate.

The delay in discretionary spending caused a lower than normal spend-out rate of obligated balances for FY 1993. The actual spend-out rate for the WHO was 88 percent of current-year obligations; for OA the spend-out rate was 69 percent; for OVP 83 percent, and for OPD 79 percent. The estimated outlay estimates were developed, according to standard practice, by applying the most recent actual outlay percentage rates to the total obligations estimated for both the current and budget years in each account. As a result of application of these lower than normal outlay percentage rates, the estimated obligated balances were proportionately higher. For FY 1994, we expect the current year outlay rates to return the normal spend-out rate resulting in lower than predicted obligated balances in each account.

Question. ***By object class*****, provide detail on the obligated balances for FY 1992, FY 1993, FY 1994 and FY 1995 for the following accounts: White House Office, Office of Administration, Office of Policy Development, and Special Assistance to the President.**

Answer. The obligated balance amounts shown in the President's budget appendix represent the total unexpended balance for each account at the close of business on September 30 of each fiscal year and also include unliquidated balances in the five preceding fiscal years for which reports are required to the Office of Management and Budget and the Treasury. The majority of these balances are routinely expended early in the following fiscal year. In a typical fiscal year, as was FY 1992, unobligated balances in the personnel and benefit object classes reflected items for which liability was incurred in FY 1992 but for which outlays would not be made until the following fiscal year. These items included obligations for reimbursable detailees and consultants as well as cash awards to employees earned but not actually paid out until early in the next year. In addition, obligations for unemployment compensation are included which were not actually paid out until after the close of the fiscal year.

Other obligated balances remained for rental payments to the General Services Administration to assure sufficient funds to cover final billing adjustments for office space. Similarly, in the rents, communications and utilities object class balances remained for payment of FY 1992 telecommunications charges and office machine rentals which were not expended until the following fiscal year. In the other services category, balances remained to cover payments for services rendered near the close of the fiscal year. Other obligated balances remained for payment of printing, supplies, and equipment purchases in the next fiscal year.

As mentioned earlier, supplemental funding was requested in FY 1993 for the Office of Administration, the White House Office (WHO) and Special Assistance to

the President (OVP). Since the requested supplemental funding was not approved until July, discretionary spending had to be deferred until availability of additional funding could be assured. Accordingly, a much higher than normal level of obligations was incurred late in the fiscal year which would not be liquidated until early in the next fiscal year. In a similar fashion, the Office of Policy Development (OPD) deferred much of its discretionary spending until receipt of reimbursements from the Treasury Department in support of Health Care Reform initiatives.

The delay in discretionary spending caused a lower than normal spend-out rate of obligated balances for FY 1993. The actual spend-out rate for the WHO was 88 percent of current-year obligations; for OA the spend-out rate was 69 percent; for OVP 83 percent, and for OPD 79 percent. The estimated outlay estimates were developed, according to standard practice, by applying the most recent actual outlay percentage rates to the total obligations estimated for both the current and budget years in each account. As a result of application of these lower than normal outlay percentage rates, the estimated obligated balances were proportionately higher. For FY 1994, we expect the current year outlay rates to return the normal spend-out rate resulting in lower than predicted obligated balances in each account.

Question. Of the total request of $28.4 million for the Office of Administration, $11.0 million is estimated to be an end of year obligated balance or almost 40 percent of the total appropriation request. Do you believe that such a large obligated balance is consistent with the principles of appropriation laws?

Answer. It is important to note that the $11.017 million in estimated unobligated balances included in the President's budget appendix represents both estimated balances from the budget year (FY 1995) as well as those from the five preceding fiscal years. As indicated earlier, the estimator used to project outlays in FY 1994 and FY 1995 for the Office of Administration were based on FY 1993 in which supplemental funds were approved late in the fiscal year and other discretionary spending was delayed pending approval of the additional funding. The estimated unobligated balance shown at the end of FY 1995 represents the cumulative effect of using the low current-year spend-out rate developed from FY 1993. As there are no supplemental items pending for the current fiscal year, available funding is being obligated in a more timely manner and should result in higher than predicted current year outlay rates. This more timely obligation pattern should result in lower obligated balances at the close of fiscal years 1994 and 1995. In addition, all obligations are incurred within the time limits applicable to the appropriation.

FY 1993 Supplemental

Question. Last year, the Congress provided a supplemental of $7.9 million for the Executive Office of the President, $5.8 million in new budget authority and $2.1

million by transfer. *By object class*, provide actual obligations of the FY 1993 supplemental.

Answer. Actual obligations for the FY 1993 supplemental are included below.

WHITE HOUSE OFFICE

	FY 1993 Obligations
Personnel Compensation and Benefits	$3,824,057
Rents, Communications, and Utilities	1,679,000
Other Services	918,000
Equipment	989,481
Total	$7,410,538

OFFICE OF ADMINISTRATION*

	FY 1993 Obligations
Personnel Compensation and Benefits	$104,380
Supplies	253,533
Other Services	31,416
Equipment	22,318
TOTAL	$411,647

OFFICE OF THE VICE PRESIDENT

Personnel Compensation and Benefits	$76,363
Equipment	30,637
TOTAL	$107,000

*Funds appropriated to the Office of Administration are available until expended.

Television Commercials

Question. There are currently several advertisements regarding the President's Health Care Reform proposal being aired on national T.V. Were federal funds used to produce these advertisements? If so, what is the *total* cost of these advertisements and where does it appear in your budget? Is this is an authorized use of federal funds? Please cite the authorizing legislation. If federal funds are not being used, what organizations are paying for these advertisements?

Answer. No federal funds were used to produce advertisements currently airing on national television. A number of non-governmental organizations have produced advertisements regarding the President's health care plan. These organizations include, but are not limited to, the Health Care Reform Project, the National Health Care Campaign, and other health care industry and professional associations.

May 18, 1994

From Istook Travel Questions:

Question (e): The accounting should also include a list of private (i.e., not federal employees or officials) individuals who traveled with the President on each trip, excluding press; whether and how these individuals reimbursed the government for their travel, and the status of any amounts to be collected from them.

Answer. It is a long-standing policy of the White House not to release information regarding the persons with whom the President meets or travels. The requested information falls within that category, and thus is not included.

Regarding reimbursement for individuals who travel with the President:

It is the policy of the White House that all individuals who travel with the President in a political capacity -- including political consultants such as James Carville, Mandy Grunwald, and Paul Begala – must reimburse for their travel on government aircraft. Such individuals are billed either personally or to the Democratic National Committee.

As has been the case in previous administrations, individuals traveling as guests of the President (for example, Congresspersons) travel on a non-reimbursable basis when accompanying the President on Air Force One. Other than federal employees and members of the first family, guests of the President are the only individuals who, as a matter of policy, do not reimburse for flying on Air Force One. Political consultants -- such as James Carville, Mandy Grunwald, and Paul Begala -- are not guests and accordingly, always travel on a reimbursable basis.

THURSDAY, MARCH 24, 1994.

OFFICE OF MANAGEMENT AND BUDGET

WITNESS

HON. LEON E. PANETTA, DIRECTOR

INTRODUCTION

Mr. HOYER. The Committee will come to order. We are pleased to welcome our former colleague, Leon Panetta, for his second appearance before us as Director of the Office of Management and Budget to discuss the OMB budget.

It is always a pleasure to welcome to the Committee an individual I think that has been one of the most able colleagues that I have had the opportunity to serve with in the Congress. Somebody who has continued to focus the attention of the Congress and the American public on fiscal realities and the steps that we need to take in order to responsibly manage the people's money, and to keep America on a course of growth and job creation, economic stability, and success. I really mean that, and Leon, I want to congratulate you—Director Panetta—on the job you are doing. You probably have the toughest job in government and we appreciate the fact that you are there, and we appreciate the job you are doing.

Mr. Lightfoot.

Mr. LIGHTFOOT. Thank you, Mr. Chairman.

Good morning, Mr. Director, good to see you again, and I would tag on to the Chairman's remarks. It is very refreshing to see the way you are following through on trying to make government more cost effective.

Obviously we are going to disagree from time to time on how we get there, but I think there is general agreement that that is what we have to do. It certainly makes this Committee's job easier, and quite frankly it is a better situation for the public as a whole, and we really appreciate the efforts you are putting in in that area and look forward to your testimony this morning.

Mr. PANETTA. Thank you.

Mr. HOYER. Mr. Director, we have your statement and we will include your full statement at the appropriate place in the record.

Mr. PANETTA. If you could, I would like to submit that for the record.

Mr. HOYER. Fine and then you can proceed in whatever manner you deem appropriate.

SUMMARY STATEMENT OF MR. PANETTA

Mr. PANETTA. If I could make a few introductory remarks, then I will be happy to answer your questions.

First of all, again, thank you for giving me the opportunity to come before this Subcommittee. I have a great deal of admiration for the Chairman, for our past friendship and continuing friendship in working together and for Jim Lightfoot, who I think is an example of the kind of working relationship that is important.

I wish it was that kind of working relationship in a number of other areas, but I really pay tribute to you for the work and cooperation you have shown in this effort.

BUYOUT LEGISLATION

I also want to, if I can just take a moment, to thank you personally for the leadership on the buyout legislation. I regret that it looks like we are looking at a filibuster on the Senate side on this, although we still have hope we will be able to break it over there. The vote to take it up is, I think, 62 to 40, something like that. Could not be 62 to 40, but it was something like that—a couple other Senators—

Mr. HOYER. The promotion was higher than I thought.

Mr. PANETTA. You did real good work.

Mr. LIGHTFOOT. And this guy is dealing with the budget?

Mr. PANETTA. But anyway, the vote was pretty good over there, and we hope that might be reflected when they have to get it to a cloture petition, but it is so important to get that buyout legislation adopted.

We are already straining our ability even to make use of it this year. It would really be a tragedy if we don't get it in place for the kind of personnel reductions we have to go through.

Mr. HOYER. If I could stop you at that point. I thank you for your observations. Let me tie together the two things about which you remarked.

We are blessed on this Committee to have a Minority membership that is focused on real things and how we accomplish progress for our country; obviously we disagree from time to time. We have philosophical disagreements, maybe even tactical disagreements from time to time, but it is a positive working relationship. Most of what we do is common sense, practical judgment as to how you make government work better and we agree on 80 to 90 percent of what we do.

This buyout bill is an example, unfortunately, of why we have gridlock in Washington. Here is a bill that passed the House 391 to 17 the first time, passed unanimously the second time, that is with no roll call vote because there was no opposition to it. Nobody asked for a roll call.

I am of the opinion in the Senate, that an overwhelming number of Senators believe the administration's representation that this was the best management way to reduce, by 252,000, the complement of Federal employees. It appears everybody agrees on that.

However, we are locked in what is a tactical battle about where this crime trust fund goes.

The Chairman of the Committee indicates the Fund is going to be on another crime bill, which is where the Senate originally put it, and where Senator Byrd suggested the trust fund be created for the purposes of fighting crime in this country. I am of the opinion

that frankly if we all had the same kind of working relationship as this Committee; we could move forward.

I am hopeful that the Senate will move forward today or tomorrow on this bill because as you well know, if we don't, we are going to be waiting another three weeks, and the window for 1994 is gone.

So we are talking about 1995 and the specter of firing Federal employees in a very irrational manner which is becoming more real every day.

Mr. PANETTA. It really is of concern, not only for what the consequences would be, but even in terms of the management reforms that we want to make. If we are going to reduce FTE's by 118,000 through 1995, plus, you want to do them in a way that implements good management decisions; and if you don't have the buyout, it just means that you get into the bumping process and you wind up firing exactly the wrong people, not those that you want to get at.

So it is unfortunate, but—and again on the crime bill, there is no dispute. We support a crime trust fund. We supported it on the Senate side. We supported it on the House side. We even wanted an amendment on the House side. We are willing to go with that. That is not the issue.

We are prepared to support that, but don't hang up this other bill because of that. I think it would be tragic if that happens.

Mr. HOYER. As you know, when we passed the bill this time, while we had the disagreement on the crime trust fund and about a motion to go to conference, the bill was unanimously passed once we got by that issue.

So it just needs to move and you have done great work. I appreciate your comments and I appreciate the comments about Mr. Lightfoot and the Minority on this Committee. We work together positively and we look forward to doing it in the future.

Now, let's hear your statement.

SUMMARY OF OMB BUDGET REQUEST

Mr. PANETTA. Let me summarize briefly where we are with our budget. As I am sure you know, we have recommended a reduction in the OMB budget and this is probably the first time in recent history where OMB has come before this committee proposing a reduction in OMB's budget.

Oftentimes OMB has been cut, but cut by the Congress. We are recommending that we have a 0.5 percent reduction. It is about $267,000. It would take our budget from $56.539 million—

Mr. HOYER. Five-tenths of 1 percent, right?

Mr. PANETTA. Five-tenths of 1 percent. It looked like a lot when we were doing it.

Mr. HOYER. Seemed like a lot.

Mr. PANETTA. The screams I heard were more like 5 percent—five-tenths of 1 percent reduction from $56.539 million to $56.272. We are funding the Office for Federal Procurement Policy, which prior to 1994 had a separate appropriation.

On the FTEs, we are reducing our FTEs as the rest of government is. We are reducing it by 14, 2.5 percent below the 1994 level.

We are proposing this because we really do have to serve as an example to other agencies. We are in the process of trying to imple-

ment a very tough budget. We are looking at a number of terminations.

We are looking at 300 programs that are going to be cut below the 1994 level and we are looking at obviously a lot of personnel reductions. Seven of fourteen departments are going to get less than what they got in 1994 in budget authority, or outlays. So I am involved constantly with these other departments and other agencies.

For that reason, I felt it was really important that the Director of OMB and OMB be able to say that we are putting our piece on the table as well, and that we are not trying to pad our budget while everybody is feeling the pain of the reductions. So that is why I have made these recommendations.

It is not easy, obviously, as I said, even within our own area, there is a need for additional investment, but at the same time, I feel that we have to set the example. That is why we are there. We are the ones who have to come up with the budget, we have to enforce it, and for that reason we need to set the example.

I think when you compare OMB CBO and GAO, as you can see, there has been an increase in both of those other areas and we continue to propose a reduction at OMB. So I think we are trying to set that example.

The FTEs reduction, we are looking at 69 or 12 percent between 1993 and 1999. For 1995, we will have reduced our FTEs by 31 or 5.4 percent from the original FTE funded level of 573 in fiscal year 1993 to a FTE level of 542 in 1995.

It is particularly tough at OMB because we are heavy on personnel. About 77 percent of our costs are in the personnel area and about 10 percent is in rent, which tells you where the bulk of our budget goes. We are both reducing our personnel and we have also found savings in a reduction in the cost of rent to GSA. We are going to be using less office space.

As a matter of fact, we are probably going to give up a floor in the new Executive Office Building—it is called the Red Brick Building—because we are reducing our FTEs and we can therefore reduce the cost of rent.

We have also achieved savings because of the phone system that we have implemented, plus the FTS 2000.

And then thirdly, we are doing reductions from previous years in awards and travel, in supplies and equipment, and in other areas.

The other thing I wanted to mention to you both is that we are trying to implement these management savings and we have gone through the National Performance Review and are really involved very much now in trying to say to every agency when we review their budgets, we are not going to just ask numbers, we are going to ask what steps are you taking to improve your management in each area. This is not a question that has necessarily been raised in the past.

OMB 2000—REORGANIZING OMB

One of the problems I mentioned to the Chairman when I briefed him on this is that we had a management side of OMB and we had a budget side of OMB, and sometimes the management decisions that would then flow down to the agencies kind of went on their

own track and they never related to what happened on the budget side, and my view is that the most effective tool we have to make sure management decisions are being implemented is to make sure at the time we are dealing with budgets, we are asking the question, what are you doing about management? How are you improving the operation of programs? How are you making sure that you are an efficient and effective operation?

It is for that reason that we again felt we had to set the example because we are continually asking these agencies about what they are doing on management, that we wanted to do a full review of OMB. We did the OMB 2000 review. As a result of that review, and we had a number of interviews that were conducted, both within OMB as well as outside of OMB, we talked to individuals formerly involved with OMB, and there was almost a unanimous consensus that one of the things we have to do—at the agency level to make sure that we are effectively bringing together the management issues and the budget issues is to implement this reorganization. This maintains the management side of it in conjunction with policy development.

But in implementing management policy, we are basically going to implement it through what are now going to be called the resource management offices. Rather than just having these offices operate on the budget side, we are going to have our principal, what are called resource management offices, combine the management and budget responsibilities so that we truly can enforce management decisions at every level.

Everybody acknowledges I think that this is the most effective way to do it. We want to emphasize management changes. This by no means deemphasizes management issues. We want to emphasize them. We are in the process now of implementing that reform at OMB, and I think it is going to be a very positive one. I think I have to tell you, within OMB and even outside OMB we have gotten very positive responses to the changes we are recommending.

That really summarizes the points I wanted to make in my testimony, Mr. Chairman. I am happy to answer your questions.

Mr. HOYER. Thank you very much.

[The prepared statement follows:]

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON D.C. 20503

THE DIRECTOR

INTRODUCTORY STATEMENT:

PRESENTED BEFORE

THE HOUSE COMMITTEE ON APPROPRIATIONS

SUBCOMMITTEE ON TREASURY, POSTAL SERVICE

AND GENERAL GOVERNMENT

BY

LEON E. PANETTA

DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET

MARCH 24, 1994

Mr. Chairman, Representative Lightfoot and Distinguished Members of the Subcommittee:

I am pleased to present the FY 1995 budget request of the Office of Management and Budget (OMB). The President's request proposes budget authority of $56,272,000. This represents a decrease of $267,000 (.5 percent) below the FY 1994 enacted level. Consistent with the FY 1994 Treasury/Postal Service Appropriations Act, the request includes funds for the Office of Federal Procurement Policy (OFPP), which, prior to FY 1994, had a separate appropriation.

The requested funding level will provide 542 full-time equivalent (FTE) positions for OMB, 14 FTE, or 2.5 percent, below FY 1994.

In putting together the OMB budget, I have tried to set an example for other agencies, in how to do more with less resources. Our request is fully consistent with the President's executive orders which require executive agencies to reduce staffing and to reduce administrative costs.

OMB will be required to reduce its number of FTEs by a total of 69, or 12 percent, during FYs 93-99. By FY 1995, OMB will have reduced the number of funded FTE by 31, or 5.4 percent, from the original funded FTE level of 573 in FY 1993 to a funded FTE level of 542 in FY 1995.

OMB has carried out significant internal belt tightening in order to absorb the 1994 locality pay increase. These savings include: (1) a reduction in the cost of rent to GSA through utilization of less office space; (2) savings derived from a new, less costly, EOP-wide phone system and use of FTS 2000; and (3) reductions from previous years in awards, travel, supplies, equipment, and other areas.

During fiscal years 1994 and 1995, the Office of Management and Budget will be in a period of change. OMB has undergone a comprehensive self-examination to improve our efficiency and effectiveness. This was necessary in any case, but it was especially important in view of the fact that OMB will be at the center of government efforts to streamline the bureaucracy and measure performance through results. It was imperative that before we assisted other agencies to achieve these goals, we examined our own way of doing business. The basic premise of the new course we have chosen for OMB is that, to be successful in improving Executive branch operations, OMB's oversight role must better integrate our budget analysis, management review, and policy development roles.

The theme of integration was echoed repeatedly in interviews we conducted with individuals inside and outside OMB. Having led this institution for over a year and listened carefully to the views of current OMB staff, former Directors and career staff, and those who watch OMB from the outside, I am even more convinced that management is integral to budget and vice-versa. Whatever we can do to bring both functions to bear on Presidents' agendas will improve our service to the institution.

We are in the process of integrating these functions by creating new Resource Management Offices (RMOs) that are neither the current budget divisions, nor the current management Offices. The staff in the new RMOs will have integrated responsibilities for the management, budget and policy aspects of their assigned agencies or programs. Staff in the existing budget divisions will have to think of their jobs differently and learn to incorporate a broader set of management issues into their day-to-day work. Some staff from the current management units -- Office of Federal Financial Management (OFFM), General Managment (GM), Office of Federal Procurement Policy (OFPP) and Office of Information and Regulatory Affairs (OIRA) -- will move to the new RMOs and give the RMOs the resources and expertise they need to devote energy to program oversight.

OFPP, OIRA and OFFM will retain their statutory policy roles and have core responsibility for development of government-wide

management policies. The responsibility for implementation of those government-wide policies will now rest in the new RMOs. This is not simply a process of moving boxes on a chart. This is a comprehensive attempt to bring the full weight of OMB's budget function to bear to ensure better management of federal resources.

Thank you again for the opportunity to discuss the OMB budget request. Again, I look forward to working with the Subcommittee, and I will be happy to address any questions you may have on either the OMB budget or other budgetary issues for which OMB is responsible.

PROCUREMENT REFORM SAVINGS

Mr. HOYER. Let me go through a few questions. First of all, procurement reform. You have talked a lot about it. Vice President Gore has talked a lot about it. A group of amendments that have been suggested would save $712 million. How did you arrive at that figure?

Mr. PANETTA. The $712 million, let me tell you the way we approached that, because it really was—I mean, when you looked at procurement, when we did the National Performance Review and looked at some of the changes that needed to be made in procurement, they made some estimates about what kind of cost savings could be derived from it.

And what we tried to do is to really tighten up on that because there are some things we can do simply through administrative action. We have a major procurement bill that is before the Congress, both on the House side and Senate side.

We hope that procurement bill can move forward because a lot of outyear savings are based on that legislation, but at the same time we felt we could actually implement administratively some changes in procurement through streamlining, through the whole area of electronic commerce, trying to implement improved technology with regard to, for example, electronic benefit transfers.

We are trying to reduce the amount of paper as a result of implementing the electronic technology. We have also issued orders requiring greater competition with regards to procurement.

So we have done an analysis that says that for this first year we think we can come up with $712 million in savings, confirmed incidentally by CBO. As you recall, in the NPR, the NPR had a large number for savings. CBO did not think we could achieve that level of savings. But for that reason we said, let's show CBO that we are doing this administratively, even though we have procurement reform in the mill legislatively.

CBO I think confirms the fact that we can get $712 million through the administrative actions we are taking and that is the basis for the $712 million.

Mr. HOYER. You are confident you will get that?

Mr. PANETTA. Yes, sir.

Mr. HOYER. Therefore, even if the authorizing committees do not recommend the procurement reform, or that doesn't pass, the $712 million will be accomplished through the administrative——

Mr. PANETTA. That is correct. That is correct.

Mr. HOYER. Mr. Lightfoot.

STATEMENT OF MR. LIGHTFOOT

Mr. LIGHTFOOT. Thank you, Mr. Chairman.

I would like to thank both of you for your flattering remarks you made. I mean that very sincerely. I guess I have gotten somewhat of a naive belief that we were sent out here to govern and that ought to take precedence over everything else, and was kind of focused yesterday a little bit, a reporter came up and made the comment, well, you know, this relationship between you and Mr. Hoyer, a go-along, get along relationship. I said emphatically no, that you have to ask questions and make decisions on a daily and

sometimes almost an hourly basis as to whether you go for a short-term political gain or you work for the good of the country.

I think working for the good of the country should be the winner in that argument. I have done some things that have been rather uncomfortable for folks from my side, and I know the Chairman has done things to assist me that have been uncomfortable from his side. That is the way it ought to work.

The system is to work out the differences and that is what it is all about. Anyway, thank you both for your comments.

Mr. PANETTA. I exercise a little bit of privilege here, having been a Member of this institution for 16 years, that that is the best way to do business, and I—I mean, I have often felt that, let's focus on our disputes on the issues. Let's debate those disputes, and let's see if we can work towards a compromise on those disputes, but let's not just kick each other for the sake of kicking each other.

I think that is when frankly we then pay a very big price with the American people in terms of their trust in the system, and we fail to serve their best interests, and that is why I think the most positive thing is the kind of example that you show here.

IMPLEMENTING COMPUTER SYSTEMS UPGRADE

Mr. LIGHTFOOT. Every idea that gets brought up is not 100 percent totally perfect, it is not 100 percent totally bad either, regardless of who brings it up.

A couple of quick housekeeping kind of questions. I understand that the Max2000 has given you an Excedrin headache or two. Would you give us a little description of some of the problems you have had with it and how you are trying to direct that?

Mr. PANETTA. Well, this is the telephone system we are trying to put in?

Mr. LIGHTFOOT. No, the computer system.

Mr. PANETTA. We have so many 2000 things going around now. On the computer—I mean the computer system itself basically is—most of it is just trying to coordinate the computer systems so that everybody is basically tuned into the same system.

The problem we are having is that in implementing the changes we put in place, that we have been able to put the numbers for the budget in one place, but to make sure that others have access to it, we are running into problems in terms of getting that access. And it becomes obviously a pretty expensive process.

You know, the problem I am finding, it is not only here, but in other areas where we are trying to implement these kinds of technologies, is that the old thrust is to implement a technology that gives you some savings in the end, and what you find is that you implement—you spend the money, you put the technology in, and pretty soon you are spending more money as the technology itself develops and as you try to maintain the system, and that is one of the problems we are running into.

Mr. LIGHTFOOT. Have you made any estimates on what it is going to take to get it where it functions like you would like it to?

Mr. PANETTA. I think what we have asked for in the budget proposal——

Mr. ANDERSON. The major problem we had is we did the President's 1994 budget using a system that was 25 years old, and we

did the President's 1995 budget using Max2000 without any dry run, and that was very difficult for not only us, but the agencies and everyone who has had to be involved in it.

Mr. LIGHTFOOT. Maybe you ought to talk to these guys who put the baggage system in at the Denver airport about not having dry runs.

Mr. ANDERSON. The most positive thing we can say is that even during the turmoil of December and January putting together the budget, even those that were complaining the most, could see the promise of Max2000 once we could solve these bugs.

How much money it might take, I am not saying it won't take any, but I think it is much less a matter of money than it is when you put together a system as complex as required to produce the President's budget, it takes work. It takes effort.

We have teams devoted to it right now. We are absolutely positive it is going to be a better year next year than last year, but whether we can solve all the bugs by then or if it takes a little more money, we just don't know.

Mr. LIGHTFOOT. But you are going to salvage the system?

Mr. ANDERSON. It is a case, we really can't turn back to that old system. It was outdated even before, number one. Number two, it wasn't an inherent problem with the system. It was more of the software. There was a problem called contention where an analyst would enter data, hit enter and then wait, and he would never know whether the data took or not.

That is a problem that can be solved. It can be solved with the software and it can be solved without an expenditure of millions of more dollars. That is not to say that we might not need some more money to do this, particularly to allow 150 departments and agencies to simultaneously enter data from any place that they are sitting, not at the New Executive Office Building, but simultaneously enter data and then get the responses immediately about whether their data is entered into the system and entered correctly.

Mr. LIGHTFOOT. So you feel you are making progress?

Mr. ANDERSON. Oh, yes, definitely.

PRINTING ERROR IN PRESIDENT'S BUDGET

Mr. HOYER. In the 1995 budget appendix, the line item for travel, the President's travel was omitted. Was that a glitch in the computer?

Mr. ANDERSON. It was a glitch that had to do with Max2000. The analyst who put it in there thought this was this contention, and I have no idea where they come up with the word contention, not being a computer analyst myself.

But the analyst put the numbers in there, saw it on the screen, but when the screen converted it to printing and GPO got it, it was not there. And the numbers added up correctly on the total, but it was that separate line item that was inadvertently omitted and not by a budget analyst who put it in, but rather by the Max2000 system.

Mr. LIGHTFOOT. It just didn't print?

Mr. ANDERSON. It just didn't print.

Mr. LIGHTFOOT. You hit enter and it didn't enter?

Mr. ANDERSON. That is right, and it was very frustrating.

Mr. LIGHTFOOT. In that respect and realizing that you are working with a new system, were there any other omissions that popped up anywhere that didn't print?

Mr. ANDERSON. That is the only one I have heard of. That is only the one I have heard of.

Mr. LIGHTFOOT. So we are not going to see an errata sheet from you or anything like that?

Mr. ANDERSON. After the travel thing, we prepared an errata sheet and it wasn't long enough or important enough to issue formally. I looked at it and it just didn't seem that it was worthwhile, the two or three analysts who had specific numbers, not omitted lines, but numbers that got in there wrong, not necessarily Max2000 problems, and a few other coding, code something as an offsetting collection and it ought to be an offsetting receipt, and there is a minor difference there. It just didn't seem worthwhile to issue an errata sheet.

Mr. LIGHTFOOT. Okay. Well, we understand with a new system you are going to have some bugs in it, but apparently you feel like it is salvageable and worth salvaging, you are going to proceed ahead with it.

Mr. ANDERSON. Yes.

Mr. LIGHTFOOT. Do we have a five minute limit today or how do we run this, Mr. Chairman?

Mr. HOYER. Well, we are not quite as pressed as we were.

Mr. LIGHTFOOT. I have a whole list of them here I could submit for the record if we are in a hurry.

Mr. HOYER. We are going to do a second round.

Mr. LIGHTFOOT. I will submit them later and go on the second round.

Mr. HOYER. Mr. Visclosky.

STATUS OF RULES FOR DEBARMENT OF HEALTH PROVIDERS

Mr. VISCLOSKY. I will be brief. I have a number of questions that I would like to submit for the record of a technical nature.

Apparently there is a legislative proposal from OPM over at OMB on the whole question of debarment for health providers and the question of how the debarment procedures interact with the common rule.

We are trying to work with the agency to make sure that we have every advantage possible. We are making sure people have the legal authority to go after those that have already been debarred at HHS in terms of Federal health insurance programs.

So, again, they are relatively technical in nature, but I am very interested in the issue.

Mr. PANETTA. I would be happy to respond. It is a very complicated issue. We are looking at it very closely. We have got to work with HHS on it because it has to be done in a way where we can defend the actions that are taken without jeopardizing the rights involved.

So for that reason we have got to make sure that the system is working and it is a very complicated effort right now. But I am more than happy to give you a more in-depth response on that.

MAKING PROGRESS ON THE DEFICIT

Mr. VISCLOSKY. And just a statement, I would then ask for a response or comment from you, but as you prepare your 1996 budget, I hope that the administration will look at all the entitlement programs and make room for discretionary programs. I hope that the administration exercises some leadership on the entitlement programs, and hope you will work with the Congress to finally address this issue in a fair and balanced fashion.

You have made great strides on the deficit and I really congratulate you for your work. I think that entitlements are the next integral step in this path, and I would encourage you to keep that in mind.

Mr. PANETTA. There is no question that—I think we have done a very good job on the discretionary side. With the hard freeze cap that is enforceable, I think we have done a very good job.

Now that we are battling over priorities below that cap, that is okay. We can fight over it, whether we ought to fund defense or social spending, but we have got a level now on the cap and it is enforceable, so I think we have got a good handle on that.

The entitlements, health care reform is obviously the next big piece to try to control those costs because that is the biggest ticket item with regard to the growth of entitlements. The next step is to look at other entitlement areas and begin to exercise some discipline on those as well. I think that is the path that will keep that deficit line going down, otherwise clearly at the end of the decade it starts to go back up.

Mr. VISCLOSKY. You have made me a happy camper because I can go back to the district after all these years and talk about deficit reduction.

Mr. PANETTA. I would not understand why anybody would want this job and not have the deficit go down. It is tough enough.

Mr. VISCLOSKY. What I said to someone else yesterday, you made me happy I am a Member. Thank you.

Thank you, Mr. Chairman.

FOCUSING ON ENTITLEMENT SAVINGS

Mr. HOYER. Mr. Visclosky raises an important point. Those of us who serve on the Appropriations Committee, and you know this from your prior experience on the Budget Committee, are very frustrated by the fact that deficit reduction has, all the time I have been here, been the focus of one-third of the budget. We have been squeezed as a Committee on our 602 allocations and we can only rearrange the chairs on the proverbial deck. The more the President can make the point, I think Mr. Visclosky says correctly, that if we are going to make additional savings, if we are going to have any shot at outyear savings, let's not go back up on the annual operating deficit, much less add to the $4.7, trillion debt.

Mr. PANETTA. In the next five years, 90 percent of the increase in Federal spending is in three areas, 90 percent. One is health care and that is about a 50 percent addition to the deficit if we don't do anything about health care costs.

The second is social security because of the increasing age of the population. We are going to be paying out a lot more obviously.

That system is paid into and hopefully will continue to remain solvent, but nevertheless that is where a lot of our expenditures are going to be.

The third area is interest on the debt and so that is 90 percent of the growth in spending and that is the area frankly we have got to focus on for the next——

Mr. HOYER. That is the particularly area you come in. You said social security without specifying which aspects generate the costs. An article in the paper today discusses this SSI explosion in the 1980's, particularly the legal issue which is going to be a very volatile issue. This will be very tough to deal with in terms of what is the fair and right thing to do as well as what is the fiscally proper thing to do.

Mr. VISCLOSKY. Would the Chairman yield for one moment?

Mr. HOYER. Yes.

Mr. VISCLOSKY. As I tell people in my district, we ask young people to give their lives for this country every day. We have voted to do that since I came to Congress. At least 15 young military personnel gave their lives for this country just yesterday. I look at this problem.

Politically I understand there are tremendous difficulties in the administration, let alone Congress, but in this case, I think you solve that problem not by telling people you decreased their salary, that you cut them, but that you give more money next year.

We can't give you quite as big an increase as somebody 20 years ago is the problem you get, and I would think again if it is fair and balanced across the board, the average person I represent, I have a classic Democratic district, would buy into that if they look at the future of their kids and grandchildren.

Mr. HOYER. Mr. Darden.

CONTROLLING THE COST OF THE FOOD STAMP PROGRAM

Mr. DARDEN. Thank you, Mr. Chairman.

Welcome, Mr. Panetta. I have got a few subjects I want to discuss briefly with you. I am not near as happy as Mr. Visclosky, but there are some areas that I think we do need to discuss briefly.

First of all, what I am about to bring up fits quite nicely into what we have been talking about because Mr. Lightfoot and I have been very concerned about the growth of the food stamp program and as the former Chairman of the Budget Committee, formerly on the Agriculture Committee, you of all people, I think, understand this better than the rest of us.

We know the program started out the first year with about $50 million. Now, it has grown to, I believe, about $30 billion. I don't want to take any action to cause a single person who would be entitled to those food stamps to not receive them, but I think in the area of some type of electronic benefits transfer, we need to come in and spend whatever is necessary to use the available technology today to do something about this program.

I think frankly that—I don't like to use this word—but I think it has reached scandalous proportions. I would strongly urge OMB to be on board when we come forth with some legislative proposals, if you don't like ours, then we will consider yours. But something has absolutely got to be done.

It is totally out of control, the fraud, the waste, the mismanagement that goes on in that program, it should be an embarrassment to all of us. Again, I don't want to keep a single eligible person from receiving those food stamps. I have as much compassion as the next person, but the situation is out of control.

It has become an underground currency in some cities and the people who get them don't get the benefit of them. So I hope we can do something in that area.

Mr. PANETTA. I was involved in one way or another with that program in the 16 years I was in the Congress because I was on the subcommittee in Agriculture that had oversight jurisdiction on that, and a number of steps were taken to try to improve the enforcement, also to try to establish work requirements for those who were getting on food stamps and trying to take other steps.

Having said all of that, we are seeing a program that in recent years has exploded in terms of cost. Most of it, interestingly enough, are kids getting on food stamps. We commented that one out of three, one out of four kids is below the poverty line and we have seen that cause a big escalation in the food stamp area.

We are looking at trying to improve electronic benefit transfers because we think that would help not only eliminate the fraud, but it would also hopefully eliminate some of the paperwork involved in the program. There is a huge bureaucracy associated with the program.

Third, I think as part and parcel of the welfare reform, we probably ought to look at some reforms in this area as well, so I am more than happy to consider any proposals you might have.

REFINANCING DEBT HELD BY THE GOVERNMENT

Mr. DARDEN. Again, we don't want to take food out of anybody's mouth, but it is an extremely serious, difficult problem. I am looking forward to working with Mr. Lightfoot on it.

The other area I wanted to mention; I want you, if you will, in all of your spare time, to take a close look at this, FFB, this Federal Financing Bank. I am not sure that it hasn't outlived its usefulness by the way they have been operating lately. The post office came to them and said, we want to refinance some of our debt and get a better rate. Fine, it is all right. I believe Fannie Mae was allowed to refinance some of their debt, or even exit the bank, but we have a constituent in Georgia, a powerful corporation, which has tried to repay the government $3.1 billion, and you won't take the money, Secretary Bentsen was in here recently.

I don't think he believed me when I told him that the Treasury would not accept a full repayment of a loan of $3.1 billion. He looked askance at me as if, you know, where did I make this up. But we do have a serious problem with trying to refinance a loan over there or just exit that bank. My experience, I have never loaned much money out, but I was glad to get the money back at any time, much less with interest. If it is a matter of prepayment penalties, something could be worked out. I understand OMB did recommend they be allowed to pay that debt off.

Mr. PANETTA. That is correct.

Mr. DARDEN. I want to tell you how much I appreciate your staff and you responding to us on that, but if you will continue to look

at it. I just think it is bad policy. If somebody wants to pay money back to the government and the government won't take it. So I would appreciate your attention to that.

Thank you, Mr. Chairman.

Mr. HOYER. Thank you.

Mr. Istook.

REFORMING THE REGULATORY REVIEW PROCESS

Mr. ISTOOK. Thank you, Mr. Chairman.

Good to see you again, Mr. Panetta. I would like to ask you some questions regarding regulatory reform efforts, and of course your oversight work in that area.

Frankly, I will tell you, I have got a lot more questions than we could possibly digest, so I just wanted to let you know that there will be probably some pretty detailed ones that will follow up, and we will submit them for the record.

I know last September the President signed an executive order to reform and make more efficient the regulatory process, and it strongly encourages the use of consensual procedures in developing regulations and negotiated regulations. I certainly have to agree that is an encouraging step, and I appreciate the intent and effort of that Executive Order and frankly hope that we will see some expansion in that area.

I presume of course that by that order, the administration is expressing strong support for the consensual process in negotiated rulemaking?

Mr. PANETTA. That is correct.

CHANGE IN THE REFORMULATED GASOLINE RULE

Mr. ISTOOK. Okay. Are you familiar with the particular recent rulemaking regarding the Environmental Protection Agency and in reformulated gasoline?

Mr. PANETTA. Talking about ethanol?

Mr. ISTOOK. Ethanol. That is part of it, right. The renewable oxygenates, different euphemisms are sometimes used for it.

Mr. PANETTA. Right.

Mr. ISTOOK. I would like to make some comments and share some thoughts and get some feedback from you on that particular rule. The rulemaking of course was preceded by a negotiation process, a very elaborate and lengthy one that preceded it.

There were numerous stakeholders in the issue, as you would certainly appreciate, refiners, environmentalists, State and local government, gasoline marketers, ethanol interests, agricultural groups, all of them, were involved collectively in that effort and in the negotiated rule that came out of it.

Then of course on the same day that the EPA issued the final regulations last year regarding reformulated gasoline, it added the requirement of renewable oxygenates, that a certain percentage of it come from renewable resources on that. If you are not familiar with the fact, I will tell you, that was certainly not a part of the original negotiated rulemaking process.

Are you familiar with those particulars?

Mr. PANETTA. Again, I am familiar with the fact that we had reviewed the regulation. I am not familiar with each of the details

with regard to what was added to or subtracted from the final regulation.

Mr. ISTOOK. Certainly. Earlier this year, there was a letter from Secretary Pena at the Transportation department, a letter which I will tell you he subsequently said was sent in error, but that particular letter had some very broad objections to it.

One of those objections was that the inclusion of ethanol, because the rule, even though it doesn't expressly say you must use ethanol as your additive here, effectively requires that for anything to be cost effective as renewable resources the letter from Secretary Pena indicated that among other problems, because of the different tax status of ethanol and requiring about 10 percent of this reformulated gasoline to originate from the ethanol, would have a negative tax collection impact on the order of about $400 million because of loss of motor vehicle fuels, which certainly has got to be of concern to you in your Management and Budget role, as well as in your oversight of regulations.

If you have not pursued that issue, I would like to ask you to examine not on the basis of saying this is something that was sent in error, but on the basis that there has got to be something there that prompted this letter and dig into it. It could have tremendous financial impact, as well as the impact upon the industry, as well as the impact upon the negotiated rulemaking process.

You know, this is of grave concern to me and to a great number of people in the transportation industry. Would you do that——

Mr. PANETTA. Yes.

Mr. ISTOOK [continuing]. And try to dig out not just a disclaimer of the letter, but the information that originally supported the letter.

Mr. PANETTA. What I would like to do, if I could, provide you with a full response in terms of what process this regulation took through the system and also what contacts were made with Transportation and their response so that you have a full explanation of what was involved here.

We really have tried on the regulatory side, with the leadership of Sally Katsen who heads up our OIRA office, to cut down on the amount of time for reviewing these regulations. We wanted to move them through on a much quicker timeframe. In fact, there are a large number of regulations that, because they were basically procedural, we don't take the time to review them, so they can go through a faster timeframe.

But the ones we do review, we have a very clear disclosure process with that, because that was one of the problems in the past years with regard to disclosure, how that disclosure works, which contacts were made and we can provide you with a full explanation of that process. I am aware of the concerns on that.

When I was a Member, I tracked the whole debate on ethanol and obviously there is, as you know, the friction between those in the agriculture community who think this is a viable fuel resource that could help with regard to the sale of some of their commodities, and at the same time there is a concern about the costs involved in actually producing the ethanol, which I think is the other side of the ledger.

So it is not an easy issue, but I think we can show you how that regulation was developed.

Mr. ISTOOK. In the regulatory impact assessment that accompanied the final reformulated gasoline rule there was a statement from EPA which said, quote, "EPA has no legal authority under the Clean Air Act to provide a mandate for the use of ethanol," unquote.

Yet in the sister regulation, if you will, that came out, even though it did not expressly say we are mandating ethanol, the rule was crafted in a way to really provide no other alternative. I am concerned, highly concerned, about the back-door effort, if you will, and I would ask in your inquiry in the process, because I think it is very relevant because it involves administration policy, I would like to know if the administration, through the White House or other mechanisms, was involved in getting Secretary Pena to retract that original letter.

Mr. PANETTA. I can get you an explanation on that with the letter. Again, I think one of the things you need to be aware of is I believe that regulation developed from legislation developed in the Congress with regard to ethanol, and there were some parameters within that legislation that may have limited whatever the final regulation might look like, but I will present that to you so you can review the whole——

Mr. ISTOOK. Sure. One other piece of that puzzle. It has been reported that—well, the Environmental Protection Agency, in talking about its rationale on the renewable oxygenate, the EPA has cited selectively from an analysis by the Department of Energy. I understand the Department of Energy is having an internal debate over whether to release the full report, which as I understand casts great questions upon whether the standard, either for the ethanol use or the ETVE use, would actually achieve the desired environmental improvements on this. I would ask you, in your inquiry, also to check into that Department of Energy report there.

Mr. PANETTA. I am not aware of that, but I am happy to try to get that for you.

Mr. ISTOOK. With things for the record, I will provide you with copy of some of these materials to give you some guidance.

Mr. PANETTA. Good.

Mr. ISTOOK. But those matters are certainly of tremendous concern. They impact your oversight. They impact the budget process, and they certainly impact private industry.

Mr. Chairman, I understand we are going in cycles. I had some other questions I might come back to, but I would yield back at this time and ask those others later.

NATIONAL PERFORMANCE REVIEW

Mr. HOYER. Let's focus just a minute, Mr. Director on the National Performance Review standards. What has OMB done to ensure that NPR recommendations have been implemented by the agencies?

Mr. PANETTA. We are very involved now in implementing the Government Performance and Results Act that was adopted by the Congress. The first action has been that on January 31, 1994, we designated 53 pilot projects in 21 executive projects. I think the

legislation called for about 10, if I am not mistaken. It was only a small number, but we found a tremendous interest within the agencies in developing pilot projects on this, and we developed about 53 pilot projects.

The agencies are required to prepare their annual performance reports, and so—we are engaged in an effort now to basically establish performance requirements in each of the budgets so that we can actually test each area whether or not they are achieving the goals that they lay out in those performance tests.

We are going to do a second round of pilot programs that we hope can be completed within the next several weeks. In the second round of designations, we will probably target an additional 70 participating departments and agencies, so that they too will add to this pilot effort.

Our goal, under the legislation, is to basically implement these requirements for the 1997 year, and that is what we are trying to do is to put in place enough pilot projects so that we have a good handle as to the performance standards and how they are going to be met so that we can refine this process. Because if we have spread it out across the total government, we need to have the best experience possible as to how it works.

Mr. HOYER. The 1994 House report performance included a section and how we want to gauge the agencies that we oversee measurement in terms of the product produced. That is obviously, as you point out in your opening statement, a tough job.

As you referred to it a number of times, integrating the budget side over here and management side and figure out do they relate. Does good management relate to good budget numbers or conversely, does bad management relate to decreasing budget numbers or at least a determination as to why it is not working.

Clearly each appropriations subcommittee could use help on how we make the judgment that our money is being spent well and that we are getting the promised product. In the Labor/HHS Committee, we will be dealing with the education process where we have had to start a Chapter 1 in which the administration has recommended increasing, but I am convinced we still don't have a handle on what difference any of that money makes. Is it working?

So we would be pleased to get your advice as this process goes on as to how this is working.

Mr. PANETTA. We have got a number of interagency groups that are working on this. What I would be happy to do is to give you periodic reports as to where we are with the performance standards, but I—we need a better handle on this area because one of the problems is that—and I have often mentioned this in the kind of year-to-year budget process, we have a tendency to basically look at what did we spend last year, what should we try to spend this year, and we are not asking the questions, did what we spend last year, was it working and did it do the job?

And some of these areas just need to be tightened up in terms of our ability to analyze the question—you know, how much case work, for example, did they—should they have accomplished? How did they accomplish that case work? How many people were involved to do the job? How efficient were they in the way they did it? What was the public response to how they operated?

I mean, those are the kind of fundamental questions that need to be asked particularly when we are in a tight budget. If we don't ask those questions, we aren't making good decisions about how we use our resources.

The Agriculture Department is going to eliminate 1,200 field offices. They are in for a real management challenge because at the same time that they eliminate 1,200 field offices, they have basically got to decide how they can cover some of these areas that are not going to be served anymore by those field offices.

AGRICULTURE DEPARTMENT PAYMENT OF RENT TO GSA

Mr. HOYER. Let me go to another subject, because you brought up the Agriculture Department. You know a lot about the Agriculture Department, which is a bigger issue that we are going to have to figure out.

On the D.C. headquarters, the budget proposes putting $200 million in for the renovation in Agriculture and elimination of the rent payment. Now, every agency is going to like that proposal.

Now, uniquely the Department of Agriculture had an Appropriations Chairman who had the power to limit the what they had to pay rent anyway, so it may have been somewhat theoretical. The fact of the matter is though, we had a philosophy that was established in law to in effect have a sinking fund, the Federal Buildings Fund, out of which we would pay for future improvements and construction. This was done by dedicating a certain portion of agency operating budgets to what we called a SLUC charge, and now what we call rent or lease payments.

I would like you to give me your comments on this. This Committee sees this as a real problem in terms of the resources that we have to make construction commitments. You and I were talking about where do you come up with the $600 million on the FDA? That is a heck of a problem. My sort of flip response was, include it in the budget. This becomes a problem when the fund drys up.

The Archives, we included in the budget. Now, we have a $29 million payment for Archives. In 1995, the Archives has a $12 million increase for their building. They have a net reduction of $7 million in what they have available to operate their agency because of their amortization fund or whatever you want to call it.

This is going to be a big issue for this Committee. It is going to be a big issue for OMB in terms of how we fund projects in the future if we let Agriculture and any subsequent agencies off the hook in terms of making their payments.

Mr. PANETTA. There is no question we had a particular problem with Agriculture. I can't tell you how many times I tried to force the issue that they ought to get the rent paid. We kept sticking it in the budget. It kept coming out of the budget. Kept sticking it in. Kept coming out.

And finally they have—they have a real problem down there. These buildings are not being maintained properly, and so frankly we——

Mr. HOYER. Of course the reason they are not being maintained, GSA took the position, if you are not going to pay us, we are not going to expend the money to maintain them.

Mr. PANETTA. And that was the hassle.

Mr. HOYER. That was reasonable, it seemed to me, from GSA's standpoint.

Mr. PANETTA. So we were caught in a situation in which GSA was basically saying, because we are not getting the rent, we are not going to maintain the buildings.

Agriculture was in a situation where they were not paying the rent and the buildings were deteriorating. And so we have tried to work out this approach whereby if they did not pay it, held the money, we required that the money in fact be used for the upgrading of the buildings.

I am more than happy to try to work with you to make sure that we don't—I don't want to establish bad precedents in terms of other agencies, but at the same time I would like to develop a system that gives these departments maybe a little more ability to be able to say—you know, to say, if we are not going to pay the rent, we are going to use the money basically to upgrade our buildings.

Mr. HOYER. I understand that, but I am concerned we are making a short-term judgment, i.e., we reduced rents for almost every agency. The theory was we reduced rents because we took into consideration prevailing market rates.

In reality, OMB reduced rents so that you could have a better lower number on the budget that was submitted. I am a little cynical of that approach, and I am on your team so to speak. I am also on the Congress' side of looking at this, and every OMB Director was crunched in trying to figure out ways to make those dollars look a little better when they come down here. This time, you reduced the rents.

That is fine this year, maybe even next year, but it means we are also reducing the Fund, and at some point in time, we are going to have to pay for the improvements and for the additional space we need.

Mr. PANETTA. I am very aware of the precedents, and I need to work very closely with you and Chairman DeConcini to make sure that we try to develop an approach here that makes sense, not just this year but in the future as well.

I mean, I think the problem is, a lot of sins of the past are catching up with us. We have got to figure out a better way to do it.

Mr. HOYER. Mr. Lightfoot.

REORGANIZATION OF THE DEPARTMENT OF AGRICULTURE

Mr. LIGHTFOOT. Continuing on with the discussion about things that are happening with USDA of course that is a major interest to us being from Iowa. With the upcoming farm bill, no one has any idea what it is going to be, and I personally think it is going to be radically different from anything we have seen in the past just because of the attitude around this place; that it is going to have a major impact on what USDA does with their employees.

For example, will there be a need for ASCS anymore? That is a real possibility, particularly with the income plan that the Farm Bureau is pushing and some of those things. I think you have got a lot of very tough decisions you are going to have to make on that, and I don't know how you make the call on some of that ahead of time.

Mr. PANETTA. There are going to be some major decisions in that area. A lot of it is going to be trade related. A lot of it depends on what trading partners are willing to do in this area.

But I think you are going to see some dramatic changes with regard to that.

Mr. LIGHTFOOT. GATT is going to have some influence on it as well.

Mr. PANETTA. Exactly.

Mr. LIGHTFOOT. I was interested in your conversation with Mr. Istook. If you wouldn't mind, I would like to be copied on the letter that you are going to send to him about the ethanol provision.

Mr. PANETTA. Sure.

Mr. LIGHTFOOT. I remember back on Public Works when I believe Ray Barnard was up here and he was using that same $400 million figure, and I suggested we could quit subsidizing the Yuppie Express here in Washington to make up that difference and obviously that didn't go over too well. It was kind of like a skunk at a garden party, but you always hear about the ADM's and the big ones, yet there is a number of small producers now that are in the fuel alcohol business as well, and we are seeing those pop up around our neck of the woods.

In talking to one of the fellows the other day, obviously out of the ear shot of the ATF, but he made the crack that we drink the best and burn the rest. So there was great potential for ethanol. I think maybe we ought to pursue that.

Mr. PANETTA. There could be a revenue angle here.

Mr. LIGHTFOOT. There is a way to make a buck.

Mr. HOYER. I knew there was something with those people.

Mr. LIGHTFOOT. Now, in with the Chairman's new district, he has an interest in ethanol now that he didn't have in the past, so we will——

Mr. HOYER. The corn is all burned up by nature this year.

DUPLICATION OF ADMINISTRATIVE STAFF WITHIN EXECUTIVE OFFICE OF THE PRESIDENT

Mr. LIGHTFOOT. We got drowned, you got burned. Maybe next year we can get a happy medium. A policy question as it relates to the White House, they have an Office of Administration and you folks have got, what, 15 people on your administrative staff? Don't those two overlap or not?

Mr. PANETTA. Not really. Not really. Let me have Jodie, who is head of our administration side, speak to that.

Ms. TORKELSON. There isn't really overlap. We are the largest part of EOP and so we have got a lot of transactions, and our people deal with things that fill in the gaps.

We deal with our own computer system. With the Max project, for instance, this is a very big undertaking and we do get support from OA on that, but for a lot of things we need people to fill in to make sure things happen.

We have got a lot of transactions that happen on the organizational side and OA has a lot of people to take care of, and we want to make sure there are things that get taken care of too, so we fill in.

Mr. PANETTA. Basically our 15 people, when you have got an operation of 540 plus people, you really have to have a separate operation to basically oversee the administration of that, so there is—I think there is some interfacing, but not that much.

I mean, they are supposedly supposed to help us on our computers to maintain our computers. They don't do a good job of that. Frankly, we have had to develop our own operation to basically maintain our computers because of that.

So we really have tried to operate on our own with regards to our administrative side.

Mr. LIGHTFOOT. What level are most of those people? Are they above GS 14 or——

Ms. TORKELSON. 12 to 14. There is a lot of support staff involved in that.

Mr. PANETTA. Let me give you that answer.

Mr. LIGHTFOOT. Do it for the record. That would be a whole lot easier.

[The information follows:]

OMB ADMINISTRATION OFFICE STAFF

The following is a list of the permanent staff assigned to the OMB Administration Office as of April 20, 1994 (includes two positions added on March 16, 1994 as a result of OMB2000):

Assistant Director for Administration, ES–4
Deputy Assistant Director for Administration, ES–3
Office Manager (Management Analyst), GS–12
Public Information Assistant, GS–8
Secretary, GS–7
Human Resources Specialist, GS–13
Budget Officer, GS–14
Support Services and Management Specialist, GS–13
Support Services Assistant, GS–9
Human Resources Managers, GS–15
Accountant, GS–12
Management Information Systems Analyst, GS–15
Correspondence and Information Control Specialist, GS–11
Staff Assistant, ES–2
Staff Assistant, ES–4
Motor Vehicle Operator, WG–8

REPORT ON WHITE HOUSE TRAVEL OFFICE

Mr. LIGHTFOOT. Due to some of the press this morning and Mr. Kennedy changing positions and so on, you and Mack were the signatories on that management report on the Travel Office. Did you actually get into the hands-on interviewing of any of those people, or did you rely on——

Mr. PANETTA. No. Basically John Podesta and Todd Stearns developed a report. They presented it to us. We reviewed the report. I was involved in the reprimands of some of the people involved with that, and presented it, but did not get involved in the actual interviews of the people.

Mr. LIGHTFOOT. Were those reprimands in writing or did you do it orally?

Mr. PANETTA. We did it orally and Mr. Kennedy was one of the ones we reprimanded at the time.

Mr. LIGHTFOOT. Did you issue the reprimands?

Mr. PANETTA. We issued the reprimands. I got to do the dirty work.

Mr. LIGHTFOOT. Are all those that were reprimanded, are they still EOP employees?

Mr. PANETTA. No. Well, as a matter of fact, I believe some of them have left. I can give you an indication, but I think out of the people that were reprimanded, perhaps half of them—less than half have left.

Mr. LIGHTFOOT. Did any of these folks get pay increases since then?

Mr. PANETTA. I don't think so, but I am not aware of it.

Mr. LIGHTFOOT. I would just like to give you an opportunity. That might put out a brush fire.

Thank you, Mr. Chairman. I have some more questions that are more technical. We will submit them. That is fine.

Mr. HOYER. Mr. Istook.

ADEQUACY OF OMB BUDGET RESOURCES

Mr. ISTOOK. Thank you.

I don't envy you being at the center of a lot of the regulatory oversight and impact process. I noticed in your budget submissions, and let me just read a couple of quotes from them, one said:

> A recurring theme in many of the OMB 2000 interviews was that excessive work demands have created an unfriendly work environment.

And in another place:

> OMB's staff have not had enough time to do in-depth analysis because they are overwhelmed with less important near term work assignments, all with tight deadlines.

Obviously those are things that you are trying to address or you wouldn't talk about it. I know you are seeking to do so. The question has got to be whether you consider that the resources that you possess are adequate for that job.

Is this simply a matter of internal restructuring and changing priorities or is there a deficiency in the resources that you have to have some sort of central oversight of the budget, the cost analyses of regulations and so forth?

Mr. PANETTA. Mr. Istook, there is no question we have a huge responsibility when you oversee the budget and then when you are dealing with a number of departments, all of whom ultimately ask questions of us, The White House and others, and the Congress as well, and to provide that information, but I am a believer, and I really do believe this, that any operation should—can operate more efficiently. I think what we are trying to do is to operate more effectively within the resources we have, both in personnel as well as financial. As you can see in our budget, we recommend a reduction in our budget. I am a believer that with our reorganization, that we will be a much more efficient operation in the way we operate.

We can look at the concerns of the employees and we are. We are trying to see if we can develop a better work environment. We are trying to see if we can try to focus these responsibilities a little better, but I am absolutely convinced that within the resources we have, that we can do a much more effective and efficient job, and that is what I am saying to other agencies and departments, and I think the same principle applies to OMB.

NUMBER OF REGULATIONS REVIEWED BY OMB

Mr. ISTOOK. Well, I appreciate that and I certainly wish you well in it. Certainly you have two roles there that we are talking about.

One, of course, if you have problems in the oversight of the Management and Budget operations, the impact upon government of course is important. If, considering the tremendous number of regulations, I think I saw a figure of 67,000 pages last year, you are having to restrict your review only to those that you deem most significant. Everything is so interrelated that something that is quite significant could slip past unnoticed, and that is of concern not just to the government, but to the entire Nation that is having to deal with what I think is very much an overburden of regulations.

Mr. PANETTA. We can give you a summary of the ones that are in the different categories. That was part of the Executive Order. I think you will find that, as I said, the overwhelming bulk of those are really very technical in nature and don't involve the kind of cost implication that other regulations do.

We are trying to identify major ones, like the one you just mentioned, that have cost implications that have unfunded mandate implications. Those are the ones that we really want to identify and try to review, and I honestly feel we have done a much better job, not only in identifying those that need to be done, but also in trying to expedite the time involved, the input involved.

I know there is a growing concern about unfunded mandates. We have actually asked the question of the agencies, what areas within these regulations could involve the possibility of an unfunded mandate that is not supported by resources at the Federal level, so that we can identify those early and in some instances try to either provide greater flexibility or eliminate that requirement.

NUMBER OF RULES MODIFIED OR RETURNED

Mr. ISTOOK. Certainly. I know you indicate in your report that, I believe it was 2,161 regulations reviewed, I am not sure if you specified, through OIRA or by OMB with an average time of 44 days. I would be interested to know in how many instances your personnel delayed or returned a regulation or requested modification and what estimates that your office developed as far as the total impact upon the dollar figures I am speaking of, for these regulations that you reviewed.

Mr. PANETTA. I am happy to give you that report. I will give it to you for the record.

Mr. ISTOOK. Sure. I think that would be instructive there.

[The information follows:]

OMB REVIEW OF REGULATIONS

President Clinton issued Executive Order 12866, "Regulatory Planning and Review," on September 30, 1993. From October 1, 1993 to March 31, 1994, agencies submitted, and OIRA reviewed, 577 regulations. The average review time for these rules was 25 days; all were reviewed within the time limits established by the Executive Order or were extended at the request of the agency. In about 60% of the cases, review was completed without change in the rule. In about 30%, review was completed with change in the rule. The remainder were either withdrawn or returned because they were sent improperly; there were 2 regulations that were returned for reconsideration.

BANK INSURANCE FUND

Mr. ISTOOK. Hitting a couple other specifics there, I think there is a proposal that has come from your office regarding the FDIC's bank insurance fund to, I believe, transfer $15 million of that to an affordable housing program.

I share the concern of many bankers with a fund that originates with the bank insurance fund for the FDIC is being diverted to any other purpose. It sounds like that is a back-door tax increase on the banking industry. Are you familiar with that?

Mr. PANETTA. I believe there was some discussion of doing something like that. I do not believe that we recommended that as part of the budget because of the very concerns you just mentioned.

Mr. ISTOOK. Well, I appreciate that. I am responding of course to input that I have received from bankers.

Mr. PANETTA. Right. No, I am happy to——

Mr. ISTOOK. I Would encourage you to maintain that attitude in that case.

Mr. PANETTA. That is not something we ought to be doing.

FOOD SAFETY RULES

Mr. ISTOOK. There is another specific I wanted to cover, if you could give me any insight on this. Last year in regard to different concerns with some people who were injured by contaminated meat, there were some regulations that were issued through the Agriculture Department for safe handling labels for meat products. They sought to do this on an emergency basis. Frankly I heard from some meat packers, especially some small operators, that were almost put out of business because there was not sufficient time for them to change their ordering of their packing materials to have the new labels so they could marry them up with the meat that they put inside the packaging.

I understand that your office expressed some concerns about that procedure by the Agriculture Department. Can you share with me any insight into what you recall of that process, what was done and what your office was doing about it?

Mr. PANETTA. Yes. That was—I think a lot of that was what I would attribute to the learning process when you go into a new administration, and the Secretary at that time was obviously very concerned about what had happened in some instances and wanted to move these regulations quickly, and actually went ahead and issued the regulations without going through the process of bringing it to OMB and having us do the kind of full review that is required.

And so we basically—I basically indicated to the Secretary that that should not happen in the future and that we ought to proceed so that we can analyze the implications of this with regard to the businesses that are impacted, as well as other issues that we are responsible for, and we now have all of the departments following that process.

Mr. ISTOOK. I appreciate that and I appreciate that you spoke up at the time. Disappointed that ultimately it took a court to stop things, but I thank you for that, and I have some other things, like I say, that I have received from different sources. We will pass that on in writing.

Mr. PANETTA. We will submit those.
Mr. ISTOOK. Thank you, Mr. Chairman.

CAPITAL BUDGETING AND BALANCED BUDGET AMENDMENT

Mr. HOYER. Thank you.

A few other issues and then I have a bundle to submit for the record.

The balanced budget amendment; we want to ask questions about that. Obviously it is central to the administration's management and the Congress' management of the finances of the country and how we get down to at least in good times a balanced operating budget.

One of the discussions you and I have had, that the Wise amendment, Wise/Price amendment raised, was the concept of capital budgeting. I have always felt that made sense to amortize projects, capital projects that would be used for a long period of time. If the next generation is going to utilize that, they ought to contribute to their use. In other words for it just as we mortgage our homes.

Is OMB working on anything to look at how we would fashion a capital budget? It is interesting. I asked the Budget Committee when you were Chairman of the Budget Committee what were the capital expenditures and they came up with a figure, about $170 billion, which was about $80, $90, about $80 on the defense side and about $90 on the non-defense account side. I asked the Committee for what I consider capital projects—those projects that are five years or longer.

I don't think they included equipment in there. They really don't include equipment in that. Nor do I include what Secretary Reich would do in terms of investments, education and others, which have a pay off obviously, but I don't consider capital budgeting.

But it is interesting that that $170 billion is about what our operating deficit is this year, and if you were in the State of Maryland, you would contemplate this as a balanced budget because about $170 billion, $176 billion is what we are projecting, would be on the capital expenditure side and amortization of debt.

Now, obviously that amortization of debt, where that falls down is there is a lot of operating expenses in that amortization. Having said that, what are we doing on this? Are we looking at that?

Mr. PANETTA. Let me make a couple of comments. First of all, on the balanced budget amendment, as you know, we have had this discussion, I don't support a balanced budget amendment. But I have to tell you if you were going to do a Balanced Budget amendment, one that would be similar to what the States have, the Wise/Price approach because it does divide the capital budget from the operating budget, is a much more responsible way to approach that.

First of all, we have in the budget, provided the analyses to lay out what a capital budget in the Federal Government provides and we can give you that information specifically.

I think it is about $274 billion now that we have identified that would be part of a capital budget now based on our most current estimates.

We are also continuing to look at how we can, in fact, within the budget do a display of the capital budget so that we can actually include it part and parcel as part of our future budgets.

The question you have got to—we have to be careful of is that at a time when we are trying to grind the deficit down, that it doesn't look like we are in any way trying to engage in some kind of bookkeeping gimmickry to suddenly indicate that, oh, no, we are in balance now because we have got—we are putting the borrowing on the capital side.

So we are concerned that we don't send the wrong signals in doing this. But for display purposes and presentational purposes, I think we can do a lot more with regard to capital budgets and we are working on that.

GSA TIME OUT AND REVIEW—WILL RESCISSIONS BE PROPOSED?

Mr. HOYER. We will pursue that. We are obviously going to discuss that. Time out and review, savings.

Are you going to be offering an additional rescission to implement these savings?

Mr. PANETTA. I don't believe so. I think based on our analysis of where Mr. Johnson is right now, at least we don't—our initial reaction is we are not looking at any kind of future rescissions here.

Mr. HOYER. We are going to be reviewing by the way that $127 million again with respect to if, in fact, it is actual savings, and if it is actual savings, there is no point in us spending it.

I have reviewed the IRS project, Mr. Johnson's time out review projected $30 million in savings. I think those $30 million in savings can be done, and I think this Committee probably will use that, maybe for other projects or for rescissions. There are some other projects like that.

EXPERIENCE WITH FIFTY PERCENT CARRYOVER AUTHORITY

One additional question I want to ask on the budget. The fiscal year 1994 Appropriations Act provided authority for agencies under the jurisdiction of this Subcommittee, as you know, to utilize 50 percent of the savings they effected for purposes of application to priorities, objectives that they thought were important, and 50 percent would inure to the benefit of the taxpayer in terms of a savings.

Your fiscal year 1995 budget request expands this provision to the other Federal agencies. What are the plans for the use of these funds? How are we looking at that?

Mr. PANETTA. First of all, I want to pay tribute to you because you in fact put that into place for your agencies.

Our first ability to really analyze how this works is going to be this September, October. And based on that, we will have a better sense of making sure how this operates because we do want to be careful. We do want to make sure that agencies, in fact, on the rollover can, in fact, make use of this, that we aren't going to penalize them and also how this basically works.

So our first real experience with this is going to be at the end of this fiscal year. I again would like to work with you and your staff to try to make sure that we have that analysis available.

Mr. HOYER. It is going to be interesting to see whether the incentive will apply. Obviously the incentive will be reduced to the extent that we try to substitute our judgment and that is what Members were concerned about.

Are they going to spend on something we don't think is good? On the other hand, if you don't give the agencies flexibilities, you decrease the incentive.

Mr. PANETTA. That is the problem and then they will spend it in August and September.

Mr. HOYER. We have, as my colleagues referred to them, technical questions. The taxpayer compliance initiative obviously is critically important. I have a lot of questions on that.

Federal procurement we have talked about, and that is going to be a major reform. We are looking, as you know, at putting the GSA supply on a pay-as-you-go basis so that if they make money, they are fine. If they don't, we will in effect not budget them and let agencies pay for their services and let them earn profits and in effect, if they can do it better, they will keep themselves in business.

FEDERAL PAY RAISE PROPOSALS

Last question I want to ask and then if others want to ask some questions that is fine. Federal pay adjustments. You included $1.6 billion. That is below what would be necessary to do both locality and the ECI raise.

Mr. PANETTA. Yes.

Mr. HOYER. In its testimony before us OPM indicated the administration plans to, quote,

> Work with Congress and employee organizations and other interested parties regarding the desirability of distributing pay increases, national pay raise, locality pay or some combination of the two.

My question is, what would be the impact on government operation of allowing the full ECI and local adjustments to take effect?

Mr. PANETTA. That is about $1.7 billion.

Mr. HOYER. Actually I think if you did ECI and locality, $2.8 billion is the figure in the budget.

Mr. PANETTA. It is an addition, add $1.7 billion on top of the $1.1 billion.

Mr. HOYER. If we allowed that to go ahead, have you analyzed what impact that would have? Obviously it would be 100 percent absorption. We would not pay for it.

Mr. PANETTA. That is right.

Mr. HOYER. In effect, $1.7 billion reduction in operating costs. Have you made an analysis of that?

Mr. PANETTA. Well, our concern would be that a good chunk of that would again fall on the Defense Department. There were problems last time because we asked them to absorb the pay increase adopted by Congress and we actually wound up having to provide some funds to them to be able to make that pay requirement so it wouldn't take away from their Bottom-Up Review.

Our biggest problem obviously is the tight budget that we are currently involved in. I mean, look at the fact that the Senate has another almost $26 billion on outlay savings that they are proposing, if we have to implement that with half of that coming out of

Defense and half of it out of domestic, I absolutely cannot see how agencies can absorb the additional pay raise on top of that.

WILL REDUCTIONS IN FEDERAL EMPLOYMENT RESULT IN MORE CONTRACTING OUT?

Mr. HOYER. Bob Tobias testified before us yesterday, during our day of outside witness testimony, and he brought up, a subject which was discussed last year and has been discussed this year as well, taking a 1 percent reduction to the contracting out costs in an across the board. Contracting out is about $106 billion, according to Tobias and NTEU. I don't know whether we have made an analysis of that. Obviously 1 percent of $160 you get a little over $1 billion. You add that to what you have, and his projection is you get pretty close to what you need.

Have you looked at that and what impact would that have?

Mr. PANETTA. Well, we have. As you know, I issued a letter to agencies and departments last year trying to look at the whole contracting out issue because one of my concerns is, when we are reducing FTEs, what I don't want to see happen is suddenly contracting out expands so that at the same time that we are reducing 252,000 FTEs here, we are contracting out more and we see that expansion of contracting out.

So I think we need to keep a very close handle.

Mr. HOYER. Which is what in fact happened in the 1980's.

Mr. PANETTA. Exactly, exactly. And so we have done a review of that. Frankly I am not satisfied with what I am seeing in terms of the tests that are being applied on contracting out, and we are in the process of, as I indicated to some of the Federal employee groups, we are in the process of looking at ways to tighten up on that.

Now, there are mainly about three or four key departments, involved. Contracting out is not something that, at least in terms of the numbers, impacts across the board. You are talking about Energy, Defense, EPA and a few others that are your main contracting out operations.

So one of the questions you have to ask, if you are going to get savings in contracting out, should you use that as a way to maybe give them the opportunity to bring some FTEs on board within their operation or do we want to take that money and apply it, as you have indicated, to some kind of across the board pay.

I am concerned about just a simple transfer as indicated by those that want to try to provide the additional money for pay. I would prefer to look at contracting out as a resource within each agency, not only to hold contracting down, but to keep your FTE base more stable.

WORKING TOGETHER ON FEDERAL PAY ISSUES

Mr. HOYER. I appreciate what you are saying and obviously from an employee's standpoint, you are crunched either way. Either your work load goes up substantially because you received a pay raise and now we can't afford the FTEs, or your work load remains at least doable, but your pay is squeezed. We really do need to continue to focus on that.

However, what the Bush administration and Darman and Ed Meese did was interesting. Ed Meese who is criticized a lot, but on this pay issue for Federal employees, was excellent, which is ironic because of his position, he necessarily wouldn't do that. But Darman, and Meese in particular, in terms of pay raises and the comparability adjustments were very good and Darman ultimately was the main player in the Pay Adjustment Act of 1990. The problem that the Bush and Reagan administrations saw was they couldn't recruit people, at the higher levels, because there is a greater disparity than there is at the lower levels. Having said that, the lower levels get squeezed as hard and we have around the country with hiring, which locality pay was to overcome.

You will be, I think, one of the most effective spokespersons for continuing to focus on whatever level of employee pay increase we have, whether it is $2.2, $2.0 or $1.883, which is our objective. We need to pay our people properly so we can recruit good people and retain the good ones we have. That is going to be very tough at $1.1 billion, but when you have an economy growing at 7.5—we won't sustain that, but let's say 3 points, you absolutely know and our Pay Advisory Committee is going to tell us, that private sector pay is going to go up 4 to 6 percent.

I don't know what it is now but it has consistently been 2 or 3 points above government levels, which is how that disparity, that 17 to 25 points, came in, and I am very worried that. I appreciate the fact you put in $1.1 billion; that will make it somewhat easier.

It is much more honest to put it, this is what the pay raise is going to cost us, and very frankly this Committee is going to have to deal with that because come August we will have a pay recommendation and we will have to look at funding it. This Committee ultimately will probably end up with the responsibility on our conference committee to implement any decision Federal pay.

This Committee has historically been the Committee that has put in the comparability adjustment so we are going to have to work together to figure out what we can do.

Mr. PANETTA. It is tough, and, again, this is one where I think on both sides of the aisle we have got to work together to try to figure out how we do this so we don't penalize——

Mr. HOYER. We are where we are because of a very bipartisan effort between ourselves, the Democrats in Congress, myself in particular, but also Bill Ford and Bill Clay, working with Darman and the Bush administration on how to come up with a rational system that reflects not what the public thinks we are doing, that is dumping all the money into the public employees. In fact, we are trying to mirror what the private sector marketplace is doing.

Mr. PANETTA. Let me just add this: There were moments as you are developing a tight budget where there was some suggestion during the course of the discussion that is we ought to take out this $1.1 billion because we know Congress might restore part of it.

I said, no, we have got to stick with the $1.1 billion; it is there. It is something we committed to. At least we have not been in the situation where we proposed a freeze only to find ourselves having to try then to find some kind of pay increase for Federal employees. So we fought this far.

I think the real question, whether we go further is something we have just got to work out depending on where we go to try to find that funding.

Mr. HOYER. And not only this year, because my position has always been a freeze on Federal employees, one year, we can take a freeze. State employees take a freeze. What is important, however, is what are you going to do over five years or ten years so that young people looking at coming to the Federal Government, don't have a perception of how bad it is going to be.

Mr. PANETTA. Maybe that is the plan here, to try to develop some five-year strategies so that there is some stability.

Mr. HOYER. Which is what, to their great credit, the Bush administration bought on to do, contrary to what people would say in the comparability and locality pay bill.

Mr. Lightfoot.

LOCALITY PAY

Mr. LIGHTFOOT. Mr. Chairman, just a couple comments in talking about the locality pay thing. We had some friends visit us from your native State of California and we paid right at $90,000 for our house, and they made the comment had that been in California, you wouldn't touch it for $200,000 which reflects this disparity.

Mr. PANETTA. I haven't seen your house, but I believe it.

Mr. LIGHTFOOT. It needs some paint and the carpet is kind of shot, but that is the basic problem, which we are trying to get people to work, and as I recall, was it Boston that we had the hassle over IRS employees?

Mr. HOYER. We had a heck of a problem in Boston. They could not hire clerical people in Boston. Clerical people in Boston now have a differential because the private sector was paying clerical people, I don't know, 12, 10 percent more. We had to make a differential in the clerical people.

Mr. LIGHTFOOT. Couple that with your earlier statements you made where—and applaud you for doing that—where you are integrating the financial side with the management side.

How can you manage if you don't know what your budget is? I would even go a step further and look at some ways to offer some incentives, whatever they might be, to Federal employees to look for more efficiencies in their own area and reward them for doing that.

One of the old arguments has been against government for years is that the incentive is to spend all the money this year because you won't get it next year, and you have heard all that stuff. If we could reverse that whole psychology around a little where our Federal employees were taking a real close look at their job and we could find some way to reward them, even monetarily.

Mr. PANETTA. A bonus, maybe a bonus or something.

UNFUNDED MANDATES ON STATE AND LOCAL GOVERNMENTS

Mr. LIGHTFOOT. Yes, bonus or something of that nature. It works in the private sector, and I don't—you know, Federal employees are people just like they are in the private sector, and they like to do a good job and if they can get a pat on the back or a little something in the paycheck, it obviously will help in that.

The last thing, you were talking earlier, if you would like to have your picture on the piano of every city council member, every board of supervisors member, at least in our State, be the king of challenging the unfunded mandates. Boy, that is something we just hear over and over again.

You know, you just don't even go in to get a cup of coffee without somebody jumping on you, you guys up there pushing this stuff down on us.

Mr. PANETTA. It is a two-prong thing and we are going to need Congress' help in the process as well. One is, there is a whole nonstatutory area that I think we could, in the administration, get a handle on because we do a lot of unfunded mandates frankly that aren't even mandated by the law. They are just stuff that flows out of the agencies.

We are beginning to get a pretty good handle on that. We have got two Executive Orders on this. We are asking each agency to review all of their regulations to determine what could be identified as an unfunded mandate so that we can begin to develop a list and we are beginning to go at it.

On the statutory side, this is one where we have really got to work together. Because the natural tendency up here is you see a problem, you try to mandate a solution for it, and nobody focuses on whether you have provided the resources or not. We really have to work together to, A, identify what are those statutory requirements that are largely unfunded, and, B, how do we try to address those because some of them are obviously sensitive.

Everybody wants clean air, clean water. Everybody wants some of the goals that are achieved here. If we care enough about it, we ought to be able to put the resources in for it to happen. That part of it is going to require a real partnership.

Mr. LIGHTFOOT. If you can be identified as the individual who put the stop to unfunded mandates, I don't think you will get elevated quite to Mother Theresa, but you might be her brother because it is really an issue and it is becoming more every day.

Leon, appreciate you coming up this morning.

Mr. PANETTA. Thank you.

Mr. HOYER. Mr. Istook.

Mr. ISTOOK. Thank you. I appreciate it.

I think you mentioned to Chairman Hoyer that you have been developing some information regarding contracting out.

Mr. PANETTA. Yes.

Mr. ISTOOK. I would certainly be interested in seeing whatever analysis you have developed as it relates to the agencies under this subcommittee, Treasury, GSA, of course, including the Executive Office of the President and White House, but just the agencies under our jurisdiction.

Mr. PANETTA. Okay, we can do that. We have a full report that came in from all the agencies. I can give you the ones that relate to those agencies under your jurisdiction.

Mr. ISTOOK. Thank you.

Thank you, Mr. Chairman.

CONCLUSION

Mr. HOYER. Mr. Panetta, again, let me congratulate you for the work you are doing.

Probably the most important effort, marshaling our resources and rationally applying them. We look forward to working with you. We have raised a lot of questions that on which this Committee needs to get a handle.

We are going to have markup probably sometime after the 5th of May. This is our last hearing. You are our clean-up hitter. We are now second subcommittee, the first being the legislative branch to complete our hearings.

Mr. PANETTA. You are anticipating doing your 602(b)s probably about what, late April?

Mr. HOYER. I hope so. That is the plan. I have not talked to our Acting Chairman, Mr. Obey, about that, but I presume we will do that.

MORRIS UDALL FOUNDATION

The Committee understands that the Department of Treasury has submitted a statement and justification material for the Morris Udall Foundation. We will insert the material at the appropriate place in this record. Any Members desiring to submit questions for the record may do so. We already discussed that as well.

Mr. PANETTA. We have provided that and understand it will be made part of the record.

Mr. HOYER. Thank you very much. We look forward to working with you.

[The questions submitted for the record and budget justification materials follow:]

Questions Submitted for the Record by the Committee

Procurement Reform

Question. On March 15, the President submitted FY 1995 budget amendments that would implement savings from reform of the Federal procurement system. However, no procurement reform measure has been passed by Congress. The group of amendments which have been submitted would result in total savings of $712 million. How did you arrive at this figure?

Answer. The budget authority and outlay savings for procurement reform assumed partial implementation of the pending procurement reforms that are being undertaken under current law. Savings are assumed for three categories of procurement:

- Electronic commerce. Savings of $118 million in BA and $94 million in outlays resulting from reduced prices for small purchases bought through an expanded electronic commerce system are assumed.

- Information technology (IT). Savings of $509 million in BA and $408 million in outlays are assumed from streamlining procurement rules and regulations to allow the government to take advantage of price reductions and productivity reforms in IT. The IT savings assume a 2.5 percent reduction in agencies' IT expenditures. GSA's Administrator, Roger Johnson, claimed that agencies could save 5 percent on IT due to falling prices and increased capacity of new IT equipment.

- Productivity savings. Savings of $85 million in BA and $43 million in outlays are assumed to occur because of a new simplified acquisition threshold, simplified accounting procedures, and management initiatives such as conversion to greater use of fixed price service contracts. This category of savings is expected to grow substantially over the next several years as reforms are fully implemented.

Question. As I read these amendments, they are simply across-the-board reductions based on what you assume will be procurement law changes. What are you doing to see that these budget reductions are matched with changes in the law?

Answer. The Administration is working closely with the House Government Operations Committee and the Senate Governmental Affairs Committee to enact appropriate

procurement law changes. It is our hope that a bill containing these reforms will be enacted by late spring or early summer.

Question. If the authorizing Committees do not recommend the same procurement reform package as the Administration is requesting or if the Congress does not approve the changes, the reductions with the March 15 amendments would be just another across-the-board reduction which agencies would have to absorb, correct?

Answer. The Administration strongly supports the procurement reforms outlined in the National Performance Review and believes that significant savings will result from the implementation of those reforms. If the legislation is not enacted, cuts in spending will still be necessary to meet the discretionary caps established by the Budget Enforcement Act. The March 15th amendments proposed by the Administration would distribute those cuts across the procurement activities of the government.

Question. One of the concerns which may be raised is that the amendments which reduce individual appropriations provide wide latitude in applying the reduction, including the authority to use unobligated balances. What is the rationale for providing such latitude and what would be the impact if the Committee did not agree with such authority?

What steps will OMB take to ensure that an agency, such as GSA, does not simply eliminate a Congressionally-Directed project with which it does not agree, rather than implementing procurement reforms?

Answer. The Administration proposed wide latitude in applying the reduction to allow the agency operating officials the broadest flexibility to implement the reductions. It is our assumption that this flexibility will allow the agencies to adjust their spending to recognize the savings opportunities that arise.

It is our expectation that the agencies would consult with the Committee on the specific reductions planned.

Performance Management

Question. What has OMB done to ensure that the NPR recommendations have been implemented by the agencies?

Answer. OMB is working on a number of fronts to push along NPR implementation. First of all, the NPR designated the President's Management Council (PMC) as the body

responsible to ensure the implementation of NPR plans. OMB's Deputy Director Alice Rivlin chairs that body, which consists primarily of deputy secretaries from the departments and major agencies. As one example of how the six-month-old PMC is operating, the PMC decided that "buyouts" were critical to the success of the NPR's recommendation to streamline the Federal bureaucracy and led a successful, aggressive campaign to make the case before Congress to get the legislation passed. OMB helped staffed much of this effort.

Secondly, OMB, through HR 3400 that passed the House last Fall and in the FY 95 Budget, has pressed for administrative and legislative action on NPR recommendations that offer specific cost savings, totalling $12.5 billion in budget authority plus receipts in NPR savings enacted or requested.

Thirdly, OMB officials are working closely with agencies, whether individually or through government-wide task forces, to initiate and facilitate administrative crosscutting management reforms, such as:

-- assisting agencies in developing 53 performance measurement pilots in 10 agencies in January;

-- pushing agencies to take a "pledge" to move toward performance-based service contracting;

-- negotiating "contracts" from the major credit agencies, committing them to meeting specific collection and default goals for the next 12-18 months in exchange for flexibility to meet those goals;

-- streamlining customer survey approvals to speed agencies' efforts to gather customer service data; and

-- convening interagency teams to solve common information technology problems.

Question. One of the Committee's concerns is the lack of measurement data for gauging performance. What additional things can the Committee consider for improving performance measurement criteria?

Answer. With enactment of the Government Performance and Results Act of 1993, Federal agencies are required to measure the performance for all significant programs and activities in the Executive Branch. Agencies are strongly encouraged to begin immediately developing and improving capacities to measure performance. Under

this Act, agencies will submit an annual performance plan in 1997 that OMB will use in preparing the government-wide performance plan that will be part of the President's Budget for FY 1999. The annual performance plan contains measurable performance goals or targets for each fiscal year. In setting these performance goals, agencies are expected to rely primarily on actual performance data to establish baselines or benchmarks. To create baselines, agencies should be measuring and collecting this actual performance data over the next three years.

The Government Performance and Results Act also requires agencies to prepare a strategic plan by September 1997. Among the required elements of this plan are a description of how the performance goals in the annual performance plan relate to the general long-term goals of an agency. Agencies are required to consult with Congress in the course of developing their strategic plans.

Question. The Committee is very pleased that OMB has implemented its own performance management changes with OMB2000. Intuitively we believe that your streamlining efforts will be more effective, what criteria will you use to measure the difference in your performance?

Answer. OMB does not operate programs in the traditional sense of providing services directly to the public. Rather, OMB's principal product is policy advice and its primary customer is the President. Therefore, the measurement of performance, particularly quantitative measurement of outputs, is difficult. Nevertheless, OMB is striving to implement performance measurement techniques in its day-to-day operations. These uses of performance management are described below:

Regulatory Reviews. OMB has established benchmarks for its regulatory review function that include such quantitative measurements as timeliness in responding to agency requests (90 days) for review of rulemaking. New Executive order guidance (Executive Order No. 12866 of September 30, 1993) has been provided so that delays will be minimized and clear lines of responsibility will be maintained. OMB measures its performance in meeting these goals by maintaining logs of items pending review. These logs indicate when an item has been received for review and when the review is completed. OMB has similar performance standards for its reviews under the Paperwork Reduction Act and measures performance to these standards as well.

In calendar year 1993, OMB reviewed 2,161 rules in an average time of 44 days. The number of rules reviewed

will substantially decline as OMB meets the performance standard established in the Executive Order for review of only significant regulations.

Legislative Communications. In its role as Executive branch coordinator of both budgetary and non-budgetary legislative communications to the Congress, OMB will continue to emphasize providing timely and informative communications to Congress.

Budget Estimation. As part of its responsibilities under the Budget Enforcement Act of 1990, OMB produces individual reports and annual summaries (involving both qualitative and quantitative data) for a major OMB activity (i.e., budget scoring). This requires estimating the budgetary effect of appropriations and other legislation. These reports and summaries provide comparisons with Congressional Budget Office (CBO) estimates, and provide detailed analyses of differences in approach between OMB and CBO. As part of the effort to improve the budget process, OMB plans to continue working with CBO to minimize such differences.

The increasing use of performance management techniques is planned as OMB implements the Government Performance and Results Act (GPRA) on a government-wide basis. OMB is committed to carrying out its responsibilities under GPRA, and will establish performance goals and milestones to measure its success in meeting these responsibilities.

Budget Issues

Question. As you are aware, the House has had considerable discussion on various budget issues, including a balanced budget amendment and the establishment of a capital budget. Does the Administration have any plans for developing a capital budget plan for FY 1995 and if so, what mechanisms would you use to generate funds for capital improvements?

Answer. Federal investment continues to be a high priority for this Administration. Consistent with this priority, it is important that the Federal Government do a better job of analyzing the acquisition of fixed assets, especially buildings and computers, and ensuring that there is no bias against such acquisitions in the planning and budgeting process. This issue was discussed on pages 81-82 of the FY 1995 Budget and in more detail on pages 113-117 of Analytical Perspectives which provide several alternative presentations of a capital budget.

OMB is considering several changes to the planning and budgeting process for fixed assets which could be put into effect for the FY 1996 budget that will be prepared in the fall. These include:

- o A long-term planning and analysis process for fixed asset acquisitions, to provide guidance for evaluating choices and setting priorities.

- o Incorporation into the budget of agency plans, including a crosscutting analysis of fixed asset acquisitions.

- o More flexible funding mechanisms and procedures to ensure that the most economical method of acquiring fixed assets is used. In particular, the rules of the budget process should not prevent acquisition by the most economical means of needed fixed assets, even if that would create "spikes" in agency spending.

An OMB work group has been organized and is beginning its work. Precise recommendations are expected later this year, in time to influence the agency 1996 budget submissions.

Question. As part of GSA's "Time Out and Review", savings have been identified for a number of projects. Is OMB anticipating the submission of rescissions to reduce these GSA accounts to accommodate the savings?

Answer. We are not aware of plans to submit these potential savings as a rescission at this time.

GSA identified potential savings from funded projects by either reducing the scope of the project or by applying value engineering to the construction of the project. We understand that GSA is planning to keep the potential savings for these projects in case the savings do not evolve. If the savings materialize, these funds will either lapse into the balance of the Federal Buildings Fund or be available for reprogramming to other projects. We believe that any major change in scope of a project would require the concurrence of the authorizing and appropriations committees.

Question. The FY 1994 Appropriations Act provided authority for the agencies under the jurisdiction of this Subcommittee, to use up to 50 percent of its unobligated 1994 balances in 1995. The FY 1995 budget request expands this provision to the other Federal agencies. What are the plans for the use of these funds in 1995?

Answer. The President's budget proposes Government-wide adoption of the authority provided last year by this Subcommittee to the agencies under its jurisdiction. The authority was also recommended by the National Performance Review (NPR). The NPR recommended that all agencies be allowed to extend the availability of 50 percent of salaries and expense funds that would otherwise expire. The NPR's objectives were to avoid inefficient year-end spending and to make some of the amount saved available to pay productivity-related bonuses for employees.

Allowing agencies another year to obligate funds would alleviate unforeseen situations where, in the normal course of conducting contract negotiations, some projects take longer than a year to work out. Since salaries and expense funds usually expire at the end of the fiscal year, there is a powerful incentive to rush to sign all contracts before the end of the fiscal year. Extending the availability of half of the unobligated balances at the end of the year is intended to counteract the incentive to rush and to avoid any associated waste.

In addition, paying bonuses to employees who find ways to save money encourages all employees to continue to look for ways to save taxpayer dollars. The NPR cites successful use of such authority at the Defense Department and Forest Service. The NPR recommendation was based on various studies, including one by the General Accounting Office, that showed that shared incentives work.

As for any FY 1994 balances that might become available in FY 1995, we must use such funds for the purposes for which they were appropriated, but we will be able to obligate and expend the funds more efficiently. Also, we plan to use no more than 2%, as the NPR recommended, on employee bonuses and no more than 3% on additional training.

Question. Section 5 of the GSA General Provisions included in the FY 1994 Appropriations Act, provides authority for GSA to use funds which would otherwise expire at the end of 5 years, for major equipment acquisitions needed to implement Chief Financial Officers Act. Do you believe that this type of authority would benefit other Federal agencies? What are the problems which would be inherent with this type of authority?

Answer. This type of authority would be of benefit to other Federal agencies. GSA's authority, however, is broader than the authority provided in the FY 1994 Treasury

Postal Appropriations Act, Sec. 802, and what has been proposed by the Administration in the FY 1995 Government-wide General Provision, Sec. 622. We support providing agencies with appropriate flexibility in their use of unobligated balances, especially unobligated balances from appropriated funds. This is a recommendation of the Vice President's National Performance Review. We also support an appropriate level of oversight of agencies' spending of these funds to ensure that the proposed expenditures meet the intent of the Congress. The current statutory language requiring consultation with Committees on Appropriations prior to the use of these funds should provide sufficient oversight.

The prime concern we see in GSA's authority is the ability of the agency to sweep up all funds -- "appropriated or otherwise made available." In doing so, and because of GSA's unique role as a supply and service provider to all Federal agencies, these funds may include reimbursable or revolving fund balances left over from Federal agency payments for supplies and services -- essentially enriching GSA at agencies' expense.

GSA's movement to a "competitive" and non-mandatory source of supplies and services and our intention of closely monitoring the accumulation and use of unobligated balances, should help avoid possible problems in this area.

IRS Taxpayer Compliance Initiative

Question. The FY 1995 budget analysis identifies a 5-year, $2 billion Taxpayer Compliance Initiative which the Administration is working with Congress to implement. This initiative includes a requirement to hire an additional 5,000 employees to implement it. What are the specifics of this initiative and how will it be implemented?

Answer. We are working with Congress to identify a special budgetary treatment--similar to that adapted in the 1990 budget agreement-- for the compliance initiative because it reduces the deficit. It will generate revenue far in excess of its cost. Furthermore, this revenue will not be used to fund spending increases or tax reductions. The cost of the initiative is $405 million and 5,000 FTE in 1995. It will generate $9.2 billion over 1995-99. An amendment was added to the Senate Budget Resolution specifying that amounts appropriated for the compliance initiative will not count against spending limits.

The initiative is focused on key tax compliance problems. Audits of Schedule C returns (sole proprietors) and small corporations will be increased. Research has shown that these areas are prone to low compliance. Use of service center and tax auditor examinations will be increased as a way of targeting resources toward single compliance issues. Collections staff will be added to address the inventory of delinquent tax debts, particularly employment taxes. Efforts will also be made to improve the accuracy and usefulness of information documents, which provide an effective and independent verification of reported income and some deductions. Resources will also be applied to the areas of international compliance and large cases, including the issue of transfer-pricing. Finally, IRS will increase its efforts in refund and fuel excise tax fraud.

IRS can achieve the hiring level necessary to implement this staff increase. Labor costs trends have been reflected in IRS staff levels and IRS will be able to meet FTE targets, avoiding a problem of recent years. IRS is also better able to measure and track actual Treasury revenue produced by enforcement activities.

Question. One of the major concerns I have is the translation of the amounts appropriated for collecting taxes and the actual amount of taxes collected. Intuitively it makes sense that if Congress increases the level of appropriations for collecting delinquent taxes that more will be collected. However, I have not seen hard data which supports this suggestion. Has OMB developed data to support this concept of more funding equals more taxes collected?

Answer. OMB believes there is substantial data to support the notion that funding a compliance initiative makes sense as an action that, on net, reduces the deficit.

One source of data OMB relies on is the tracking report for the 1991 compliance initiative. This initiative was the last major compliance initiative undertaken. Through its first three years, resource initiatives have already collected $1.9 billion. IRS projects that by the end of 1995 (five years), resource initiatives will generate $4.7 billion and management initiatives (not dependent on increased resources) will generate $7.9 billion for a total of $12.7 billion. The initiative's cost over five years will be $0.9 billion.

For the 1995 initiative, IRS would use an enhanced tracking system to measure the revenue it produces. It will use extensively the Enforcement Revenue Information System (ERIS), a new database that provides

a more thorough tracking of enforcement revenue by source and tax type. This system enables IRS to focus more specifically on the results of initiatives targeted to particular areas. OMB, Treasury, and IRS staff have met with GAO to discuss this new tracking approach. We will continue to work with GAO and the Committee to answer any questions.

Question. What is the estimated level of taxes which you believe IRS will be able to collect with this initiative?

Answer. Treasury has estimated the following revenue impact from the initiative.

(in millions)

1995	1996	1997	1998	1999	1995-99
331	1,284	2,240	2,565	2,759	9,179

Question. Has the Office of Management and Budget done a thorough review of the IRS Tax Systems Modernization? Do you believe that IRS is adequately managing this project to ensure that when complete, TSM will be a fully integrated tax management system?

Answer. TSM is jointly reviewed by OMB's program divisions and OIRA. During each Fall, program division and OIRA staff meet with IRS staff from each major TSM project. During the rest of the year, Quarterly Performance Tracking System (QPTS) reports provided by IRS update OMB on each major project. OMB started requesting the QPTS reports in 1991 to provide for more regular status reports on TSM. OMB meets on a regular basis with other oversight agencies to discuss TSM issues.

In general, TSM projects are on track for the following reasons:

- IRS' project management process provides early warnings for projects that require management attention. As a result, TSM systems with serious flaws have been cancelled or fundamentally redesigned. These decisions have occurred both during internal IRS and Treasury budget formulation and the Fall OMB review.

- IRS's ongoing reorganization has lowered TSM implementation costs and reworked IRS's operations to take advantage of the new capabilities provided by TSM. The decision to consolidate computing sites from 12 to 3 and to emphasize electronic processing over paper processing has significantly lowered TSM's net life-cycle costs. Changes in business operations, such as to create Customer

Service Sites that rely heavily on telephone operations, will help IRS achieve the full benefits of TSM.

Question. Has your staff met with GAO representatives to discuss the work they have done on Tax Systems Modernization (TSM) and if so, what is your impression of GAO's concerns?

Answer. Yes, for the last three years OMB staff have met regularly with GAO staff to discuss TSM issues.

GAO has offered a useful critique of TSM and IRS has responded to GAO's points. In prior years GAO has criticized IRS for failing to restructure its organization to take full advantage of TSM. In the past this was a valid critique. IRS began addressing this concern in 1992 and in November of 1993 announced a major reorganization.

This year, GAO's critique focused on delays in finalizing important documents for business plans and standards. IRS has committed to finalizing these documents, including a promise to provide the Business Master Plan to the Appropriations Committees by the end of this Spring. OMB is meeting frequently with IRS to discuss issues related to the Business Master Plan and supporting documents

Office of Federal Procurement Policy

Question. Last year the Appropriation Committee merged the appropriation for Office of Federal Procurement Policy with the Office of Management and Budget. Has this merger caused any significant concerns for either you or the Office of Federal Procurement Policy?

Answer. No. OMB feels that combining the Office of Federal Procurement Policy (OFPP) and the Office of Management and Budget was a good decision. Now that the OMB2000 reorganization is taking place, OMB believes that OFPP will have increased clout in implementing the Administration's procurement reform agenda, by tying OFPP government-wide management initiatives more closely to the budget process.

Question. We want to ensure that OFPP is adequately staffed and funded, especially with the planned procurement reform package under consideration. What steps have you taken to ensure an adequate level of support for OFPP?

Answer. As noted above, OMB is now going through an internal reorganization called OMB2000. During the review phase

of OMB2000, considerable time was been spent with the senior OFPP staff to ensure that procurement issues were adequately staffed and supported. OFPP will have a core staff of 18 FTE in FY 1995, with an additional six FTE placed in the new Resource Management Offices (RMOs). In addition, the new Resource Management Offices will increase their focus on procurement implementation, and in doing so increase OMB-wide staff resources available for procurement. The staff in the RMOs will have cross cutting responsibilities both within the RMOs and within OFPP.

Government-Wide Administrative Savings

Question. Last year the President issued two directives designed to reduce government expenditures. The first directive reduced personnel levels, the second implemented administrative expense reductions. What are the government-wide savings associated with these two directives in FY 1995? Please break out by personnel savings and administrative expense savings. Were these reductions highlighted in budget documents submitted to Congress?

Answer. Executive Order 12839, Reduction of 100,000 Federal Positions. Based on our current estimated average net cost to the Government of an FTE, the 1995 savings, measured against the 1993 base, are 118,300 FTEs and $5.0 billion.

The FTE savings are shown in Table 12-1 of the Analytical Perspectives volume of the FY 1995 Budget. The dollar savings are included in the budget requests of the Executive Branch departments and agencies but are not broken out separately in the Budget.

Executive Order 12837, Deficit Control and Productivity Improvement in the Administration of the Federal Government. In the 1994 Budget, the reduction percentages specified in the Executive Order were applied against an administrative expense baseline, and the resulting savings were included in each agency's approved budget totals. Total non-defense savings for 1995, as published in the 1994 Budget (page 103), are $1.4 billion.

With discretionary spending totals frozen at the 1994 level, these savings are also included in each agency's 1995 Budget totals.

Federal Pay Adjustment

Question. The Economic Cost Index (ECI) and locality pay adjustments will cost $2.8 billion under current law. The Administration requests only $1.1 billion of that. OPM testimony indicated that the Administration plans to "work with Congress, employee organizations, and other interested parties regarding the desirability of distributing the pay increase as a national pay raise, locality pay, or some combination of the two." What would be the impact on government operations of allowing the full ECI and locality adjustments to take effect?

Answer. If all of the added cost would be absorbed through personnel reductions, we estimate that an additional reduction of nearly 34,000 FTE would be required.

Question. OPM testimony indicated that the $1.1 billion figure came from OMB. How did you derive it?

Answer. We estimate that the aggregate government-wide pre-pay raise civilian wage base in 1995 is approximately $98 billion. The base includes not only basic salaries, but also premium pay rates, like overtime, that automatically go up when pay is raised, and the cost of certain benefits, such as agency contributions to the retirement fund, that are tied directly to salary rates.

A 1.6% pay increase, effecive in January 1995, applied against the $98 billion wage base would cost approximately $1.2 billion in BA and $1.1 billion in outlays.

Question. Which would be better, a partial ECI adjustment or a full locality adjustment?

Answer. An ECI-based increase would provide a pay increase to all civilians, rather than just the employees eligible for locality pay. Those not receiving a locality pay increase in 1994 include people assigned outside the 48 states and those receiving special salary rates (e.g., certain clerical employees in grades GS-2 to GS-6 in Washington, D.C. and most engineers nationwide in grades GS-11 and below) or special geographic differentials that already exceeded the locality pay increase for their area. Employees in Alaska, Hawaii and other non-foreign areas receive a tax-free cost-of-living allowance of up to 25% of base pay. In overseas areas, employees receive special housing and cost-of-living allowances. Eliminating the ECI-based increase again in 1995 would mean that these employees would not receive a pay raise two years in a row.

Giving the raise in locality pay would keep pay gap closure on schedule, as provided for in the Federal Employees Pay Comparability Act (FEPCA).

Given the advantages and disadvantages of the alternative pay raise approaches, we believe it is imperative that employee organizations, members of Congress, and other interested parties be given a voice in making this decision.

Question. Could the full locality increase and pay raise be financed by taking reductions in service contracts?

Answer. No, we do not think this would be a good approach. We certainly agree that there are savings that can be achieved in the contracting out program, and we are working on gaining those savings. We believe, however, that efficiencies in the contracting-out program should be pursued for their own sake, and not be tied to funding of civilian pay raises.

Question. Would the impact of such a reduction be evenly distributed across agencies?

Answer. No. Nearly 85% of the cost of service contracts are concentrated in just three agencies -- Defense, Energy, and NASA. An across-the-board reduction would, therefore, fall disproportionately on these three agencies.

Question. Please provide a special analysis showing the additional budget authority and outlays required to fund the locality and Economic Cost Index adjustments in FY 1995 for each of the Cabinet and major independent agencies. Show the impact of locality and ECI increases separately. Please also indicate whether the implementation of ECI and locality adjustments without provision of additional budget authority would result in a need for RIFs, furloughs, or buyouts.

Answer. We estimate that the additional government-wide cost of full current law pay raises in 1995, including the added cost for employees under the Federal Wage System (blue-collar), would be approximately $1.7 in budget authority and outlays. The attached table shows an estimated distribution of this cost by major Department and agency. The $1.7 billion is spread among the agencies in proportion of their wage base to the total government-wide wage base.

This distribution overstates the locality pay cost somewhat for some agencies and understates the cost for others. Precise costing depends on the distribution of an agency's employees among the locality pay areas and

the proportion of its employees who do not receive locality pay.

A precise split of ECI-based and locality pay costs for each agency are not readily available; on a government-wide basis, the total pay raise cost is split approximately two-thirds to the ECI-based raise and one-third to locality pay. A rough approximation for each agency can be obtained by applying this proportion to total agency pay raise costs.

As noted in the answer to the first part of question one, we estimate that a reduction of an additional 34,000 FTE would be required if all of the added pay raise cost is absorbed through personnel reductions. The specific need for RIFs, furloughs, or buyouts would have to be determined on an agency-by-agency basis.

Estimated Additional FY 1995 Cost of Current Law Pay Raises
by Department and Agency
($ Millions)

Cabinet Agencies:	BA/Outlay Cost
Agriculture	$ 57
Commerce	29
Defense	748
Education	6
Energy	17
Health and Human Services	51
Housing and Urban Development	9
Interior	56
Justice	114
Labor	18
State	25
Transportation	77
Treasury	116
Veterans Affairs	199
Major Agencies:	
Agency for International Development	7
Corps of Engineers	18
Environmental Protection Agency	20
Equal Employment Opportunity Commission	3
Federal Emergency Management Agency	2
General Services Administration	7
National Aeronautics and Space Administration	28
National Archives and Records Administration	1
National Labor Relations Board	2
National Science Foundation	2
Office of Personnel Management	1
Peace Corps	2
Railroad Retirement Board	2
Securities and Exchange Commission	4
Small Business Administration	2
Smithsonian Institution	5
United States Information Agency	6
All Other Agencies	64
TOTAL	1,700

NOTE: Sum of individual cost figures does not equal total due to rounding.

SUMMARY - COSTS OF FULL ECI AND LOCALITY PAY RAISES AND SENATE BUDGET RESOLUTION REDUCTIONS
(budget authority in billions of dollars, FTE in thousands)

	Full pay raise			
	ECI[1] BA	Locality[1] BA	Total BA	FTE cuts
Cabinet Agencies:				
Agriculture	0.027	0.030	0.057	-1.128
Commerce	0.013	0.015	0.029	-0.571
Defense (civilian)	0.352	0.396	0.748	-14.899
Education	0.003	0.003	0.006	-0.112
Energy	0.008	0.009	0.017	-0.347
Health and Human Services	0.024	0.027	0.051	-1.011
Housing and Urban Development	0.004	0.005	0.009	-0.186
Interior	0.026	0.029	0.056	-1.105
Justice	0.054	0.060	0.114	-2.272
Labor	0.009	0.010	0.018	-0.363
State	0.012	0.013	0.025	-0.489
Transportation	0.036	0.041	0.077	-1.537
Treasury	0.055	0.061	0.116	-2.306
Veterans Affairs	0.093	0.105	0.199	-3.955
Other Agencies:				
Agency for International Development	0.003	0.004	0.007	-0.139
Corps of Engineers	0.009	0.010	0.018	-0.368
Environmental Protection Agency	0.010	0.011	0.020	-0.407
Equal Employment Opportunity Comm.	0.001	0.002	0.003	-0.061
Federal Emergency Management Agency	0.001	0.001	0.002	-0.042
General Services Administration	0.003	0.004	0.007	-0.143
National Aeronautics and Space Admin.	0.013	0.015	0.028	-0.562
National Archives and Records Admin.	0.001	0.001	0.001	-0.028
National Labor Relations Board	0.001	0.001	0.002	-0.049
National Science Foundation	0.001	0.001	0.002	-0.033
Office of Personnel Management	0.001	0.001	0.001	-0.029
Peace Corps	0.001	0.001	0.002	-0.041
Railroad Retirement Board	0.001	0.001	0.002	-0.034
Securities and Exchange Commission	0.002	0.002	0.004	-0.076
Small Business Administration	0.001	0.001	0.002	-0.049
Smithsonian Institution	0.003	0.003	0.005	-0.107
United States Information Agency	0.003	0.003	0.006	-0.127
Allowances	---	---	---	---
Legislative	---	---	---	NA
The Judiciary	---	---	---	NA
All Other Agencies	0.030	0.034	0.064	-1.265
Total (FTE is civilian only)	0.800	0.900	1.700	-33.841
Military personnel:				
Department of Defense				---
Coast Guard				---
Totals including military personnel				-33.841

[1] The division of the total cost of the pay raise between ECI and locality is arbitrary. The FY 1995 budget makes no assumption of how the funds for pay raises in the budget are split between ECI and locality. An assumption is made for this table that the policy level in the budget funds only ECI, so that an additional $0.8 billion is required to fully fund ECI, and an additional $0.9 billion is required for locality pay.

FTE Accounting

Question. With government-wide reductions in FTE, there is some possibility that agencies will simply shift federal employees to contractors, rather than economize. Will OMB monitor levels of contract employees, along with FTE?

Answer. We plan to monitor expenditures for services contracts through reporting to the Federal Procurement Data System (government-wide database of information on federal contracting) rather than monitor levels of contract employees. The information from that system should help to determine trends and the appropriate action that should be taken to discourage replacement of FTEs with contractor employees.

Question. Do you have any idea how many contract employees there are throughout the government?

Answer. We are able to determine from data in the Federal Procurement Data System the number of contractors that are doing business with the government for contract actions over $25,000. For example, in FY 1993, there were over 74,000 unique establishments that received Federal contract dollars. (It should be noted that if a company has several locations and each location receives a contract, a unique establishment number is assigned to each location.) We do not have a system to provide information on the number of contract employees there are throughout the government.

Question. For the record, OMB should produce a report on current levels of contracting government-wide, as well as steps the Administration's intends to take to ensure that Federal jobs will not simply be "privatized".

Answer. The General Services Administration (GSA) operates and maintains the Federal Procurement Data System on behalf of OMB's Office of Federal Procurement Policy. Annually, GSA publishes a report entitled the "Federal Procurement Report" that includes information on current levels of contracting in the Executive branch. As mentioned above, we will continue to monitor trends in services contracting, and take whatever steps may be appropriate to discourage replacement of FTEs with contractor employees. A summary table is attached.

FEDERAL PROCUREMENT DATA SYSTEM

FEDERAL CONTRACT ACTIONS AND DOLLARS BY EXECUTIVE DEPARTMENT AND AGENCY

Fiscal Year 1993 Through Fourth Quarter

	All Reported Actions			
	Actions	Percent of Actions	Dollars(000)	Percent of Dollars
TOTAL FEDERAL	**19,712,511**	**100.000**	**200,416,201**	**100.000**
Executive Office of the President	2,008	0.010	17,800	0.008
Department of Agriculture	1,175,321	5.946	3,793,007	1.889
Department of Commerce	113,480	0.574	825,938	0.411
Department of Defense	11,883,320	60.119	136,022,348	67.745
Department of Education	17,877	0.090	334,388	0.166
Department of Energy	40,412	0.204	18,486,719	9.197
Department of Health and Human Services	1,040,966	5.266	3,387,888	1.691
Department of Housing and Urban Development	8,898	0.045	196,509	0.097
Department of the Interior	558,547	2.825	1,919,179	0.955
Department of Justice	877,609	3.428	2,195,055	1.093
Department of Labor	24,771	0.125	811,846	0.404
Department of State	135,438	0.685	1,006,250	0.501
Department of Transportation	245,983	1.244	3,394,768	1.690
Department of the Treasury	194,488	0.983	2,074,414	1.033
Department of Veterans Affairs	2,139,799	10.825	4,162,967	2.073
Action	1,786	0.009	4,527	0.002
Administrative Conference of the U.S.	572	0.002	388	0.000
Agency for International Development	14,346	0.072	1,163,926	0.579
American Battle Monuments Commission	14,350	0.072	10,522	0.005
Board for International Broadcasting	0	0.000	0	0.000
Commission on Civil Rights	771	0.003	459	0.000
Commodity Futures Trading Commission	1,591	0.008	10,172	0.005
Consumer Product Safety Commission	2,018	0.010	6,846	0.003
Defense Nuclear Facilities Safety Board	300	0.001	788	0.000
Environmental Protection Agency	50,890	0.258	1,098,653	0.547
Equal Employment Opportunity Commission	6,083	0.030	40,094	0.019
Federal Communications Commission	808	0.004	1,458	0.000
Federal Election Commission	1,885	0.009	2,930	0.001
Federal Emergency Management Agency	6,242	0.031	254,264	0.126
Federal Energy Regulatory Commission	422	0.002	18,578	0.009
Federal Labor Relations Authority	548	0.002	1,900	0.000
Federal Maritime Commission	407	0.002	1,045	0.000
Federal Mediation and Conciliation Service	1,364	0.006	2,263	0.001
Federal Mine Safety and Health Review Commission	653	0.003	660	0.000
Federal Trade Commission	1,816	0.009	8,475	0.004
General Services Administration	1,090,450	5.516	5,535,893	2.757
International Trade Commission	2,488	0.012	3,314	0.001
Interstate Commerce Commission	497	0.002	845	0.000
Merit Systems Protection Board	2,526	0.012	1,489	0.000
National Aeronautics and Space Administration	93,775	0.474	12,027,148	5.990
National Archives and Records Administration	3,109	0.015	33,286	0.018
National Capital Planning Commission	208	0.001	233	0.000
National Foundation on the Arts	765	0.003	2,628	0.001
National Foundation on the Humanities	2,344	0.011	2,880	0.001
National Gallery of Art	3,728	0.018	8,268	0.004
National Labor Relations Board	1,713	0.008	10,231	0.005
National Mediation Board	497	0.002	2,826	0.001
National Science Foundation	2,392	0.012	172,779	0.086
National Transportation Safety Board	0	0.000	0	0.000
Nuclear Regulatory Commission	3,083	0.015	45,192	0.022
Occupational Safety and Health Review Commission	502	0.002	497	0.000
Office of Personnel Management	16,770	0.084	81,746	0.040
Peace Corps	14,165	0.071	41,896	0.020
Pennsylvania Avenue Development Corporation	149	0.000	820	0.000
Railroad Retirement Board	3,680	0.018	8,900	0.004
Securities and Exchange Commission	2,795	0.014	26,419	0.013
Selective Service System	1,122	0.005	1,581	0.000
Small Business Administration	7,825	0.040	30,550	0.015
Smithsonian Institution	36,186	0.182	67,821	0.033
Tennessee Valley Authority	27,778	0.140	959,005	0.842
U.S. Soldiers and Airmens Home	0	0.000	0	0.000
U.S. Trade & Development Agency	388	0.001	2,238	0.001
United States Arms Control and Disarmament Agency	229	0.001	4,834	0.002
United States Information Agency	27,857	0.412	135,790	0.067

Indirect Cost Payments to Universities

Question. The Administration proposed supplemental appropriations language which freezes indirect cost rates for research institutions at 1994 levels. This seems to be a temporary solution. What will the Administration do about rising indirect cost payments over the long run?

Answer. The Administration does not see overhead payments as a "problem" to be solved. Overhead payments are an important and necessary commitment to our nation's research enterprise. The problem we do see is in the current mechanism for determining and allocating overhead costs. In addition, not all aspects of overhead costs are increasing. In the last revision of OMB's Circular A-21, administrative costs were capped at 26 percent. Overhead costs associated with facilities appear to be the most volatile component of overhead. Through better information on the components and management of overhead, and in close cooperation with the affected institutions, we hope to develop better incentives for managing both research and overhead resources more efficiently, not just meeting artificial overhead caps (as is largely the current situation). The "pause" in overhead payment increases is not considered a "solution" to this issue. In a year in which the budget freezes total discretionary spending and government administrative costs are being aggressively reduced, it was necessary and appropriate to ask university and non-profit research organizations to participate in this spending restraint.

Question. How much will this save the Federal government?

Answer. The estimated savings for the pause is $150 million in FY 1995 outlays.

Question. What will be the impact of this proposal on smaller, private research institutions?

Answer. The impact on smaller research institutions should be relatively limited because the pause is focused on only those institutions which reported grant outlays in excess of $10 million in fiscal year 1994. It does not make a difference whether the institution is public or private in the way the pause is implemented.

Question. Does the Administration still support such language for inclusion in the FY 1995 bill?

Answer. The Administration has sent Congress a budget amendment that proposes to include the pause language in all the pertinent FY 1995 appropriations bills.

General Provisions

Question. The FY 1995 Budget Request includes the elimination of a number of general provisions and the inclusion of a number of general provisions. Please provide for the record a justification for the elimination or the inclusion of general provisions carried in Title V and Title VI of the Treasury, Postal Service and General Government Appropriations Act.

Answer. Justifications for the proposed changes to the Government-wide general provisions, as enacted in Title VI of the fiscal year 1994 Treasury/Postal Act were provided to the Committee on February 7, 1994. A copy of that correspondence is attached. Explanations of the general provisions in Title V are also attached, as requested.

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON D C 20503

February 7, 1994

Honorable Steny H. Hoyer
Chairman, Subcommittee on Treasury,
Postal Service, and General Government
U.S. House of Representatives
Washington, D.C. 20510

Dear Mr. Chairman:

The enclosed paper explains each of the changes proposed in the fiscal year 1995 Budget to the Governmentwide general provisions, as they were enacted in the fiscal year 1994 Treasury/Postal Act (Title VI).

Sincerely,

Robert G. Damus
Acting General Counsel

Enclosure

Identical Letter Sent to Honorable Dennis DeConcini

EXPLANATIONS OF PROPOSED CHANGES TO THE GOVERNMENTWIDE GENERAL PROVISIONS FOR FISCAL YEAR 1995

Proposed Sections[1]

Section 601. This provision authorizes agencies to pay travel costs of the families of Federal employees on foreign duty to return to the United States in the event of death or a life threatening illness of the employee.

Section 602. This provision requires agencies to administer a policy designed to ensure that all of its workplaces are free from the illegal use of controlled substances.

Section 603. This provision authorizes reimbursement for travel, transportation, and subsistence expenses incurred for training classes, conferences, or other meetings in connection with the provision of child care services to Federal employees.

Section 604. This provision allows funds made available to agencies for travel to also be used for quarters allowances and cost-of-living allowances.

Section 605. With certain specified exceptions, this provision prohibits the Government from employing non-U.S. citizen whose posts of duty would be in the continental U.S.

Section 606. This provision ensures that agencies will have authority to pay the General Services Administration (GSA) bills for space renovation and other services.

Section 607. This proposed new provision allows agencies to finance the costs of recycling and waste prevention programs with proceeds from the sale of materials recovered through such programs.

Section 608. This provision allows certain entities to rent space in the District of Columbia and hire consultants. It also adjusts limitations on administrative expenses, if administrative expenses for these programs are transferred to or paid from other accounts. It applies to the corporations and agencies subject to chapter 91 of title 31, United States Code.

Section 609. This proposed new provision pertains to any agency delegated authority to operate, maintain, and repair its facilities by GSA. It authorizes such

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[1] Except as noted otherwise, the proposed provisions would continue current law, enacted as provisions of Title VI–General Provisions; Treasury, Postal Service and General Government Appropriations Act, 1994 (Public Law 103-123).

agencies to make direct expenditures for this purpose using funds otherwise available to make rental payments to GSA. The provision is proposed pursuant to report language accompanying the FY 1994 Treasury/Postal Appropriations Act.

Section 610. This provision allows an agency to use foreign currency (for which the Treasury is to be reimbursed) to carry out any program that the agency is authorized to carry out under its dollar appropriation.

Section 611. This provision authorizes the Postal Service to employ guards and give them the same special police powers as GSA guards.

Section 612. This provision limits agency rental payments to GSA.

Section 613. The provisions in this section apply to prevailing rate (blue-collar) employees. Among other things, they insure that annual pay adjustments for blue-collar employees are treated similarly to those of employees under the general schedule.

Section 614. This provision subjects expenditures in excess of $5,000 for redecorating offices to an unconstitutional committee veto mechanism in violation of the principle articulated in INS v. Chadha, 462 U.S. 919 (1983). A proposed revision would make the provision constitutional by removing the committee veto. It would continue to require that advance notice be provided to the committees for expenditures in excess of the limit.

Section 615. This provision requires Executive Branch agencies to provide the Appropriations Committees with annual reports on employees detailed to Executive Branch agencies.

Section 616. This provision requires agencies to obtain GSA approval for FTS2000 type procurements other than through GSA. A proposed change would continue this requirement after July 31, 1995 only if GSA reports that the FTS2000 is providing the lowest prices for the Federal Government.

Section 617. This provision requires Federal grant recipients to agree to specify the amount and percentage of Federal funds that will be used in solicitations for goods and services. This requirement does not apply to procurements of an aggregate value of less than $500,000.

Section 618. This provision permits interagency funding of national security and emergency preparedness telecommunications initiatives, which benefit multiple Federal departments, agencies, or entities. The reference to former section 611 is bracketed for deletion because that section is proposed for deletion.

Section 619. This provision permits telecommunications support for the work-at-home and telecommuting program under guidelines issued by the Office of Personnel Management.

Section 620. This section requires agencies to certify that a Schedule C appointment was not created solely or primarily to detail the employee to the White House. New language is proposed to exempt elements of the Department of Transportation that perform intelligence functions from the requirement, along with such elements in other agencies. With this change, the exemptions in this section are the same as those proposed in section 615.

Section 621. This provision requires agencies to administer a policy designed to ensure that all of its workplaces are free from discrimination and sexual harassment.

Section 622. This proposed new Governmentwide general provision would permit up to half of any unobligated balance of an appropriation for salaries and expenses available at the end of the fiscal year to be carried over to the next fiscal. Some of the funds carried over may be used to pay cash awards to employees and for employee training programs. A similar provision was enacted as section 802 of the Treasury/Postal appropriation act for FY 1994. That provision applied only to appropriations for salaries and expenses provided in the act.

Section 623. This proposed new provision implements section 152(f) of the Energy Policy Act, which (subject to appropriations) authorizes Federal agencies other than the Department of Defense to keep half of the money they receive as a result of participating in energy and water conservation activities, such as utility rebate programs and energy-savings performance contracts. The agencies must use these funds to support other energy and water conservation activities. The other half of the money agencies receive must be returned to the Treasury as a deficit-reduction benefit of improved efficiency.

Proposed Deletions

Former section 604. This provision set dollar limitations for the purchase of sedans and station wagons by GSA and other agencies. It is deleted from the Governmentwide general provisions and proposed as a GSA general provision in the GSA section of the budget Appendix. As proposed, it applies to GSA purchases only.

Former section 609. This provision restricted the President's recess appointment power.

Former section 611. This provision precluded the financing of groups by more than one Federal agency absent prior and specific statutory approval. It was a barrier to cross-agency collaborations in the pursuit of solutions to problems. Such activity should encouraged.

Former section 613. This provision interfered with agencies' efficient implementation of statutory obligations, interfered with Presidential responsibility to manage the administrative apparatus of the Executive Branch, and reduced executive accountability. Further, Congress already maintains formal and informal oversight of agency activities, through such mechanisms as budget and oversight hearings and informal communications. If the resolution referred to in this provision were not a joint resolution, it would violate the principle articulated in Chadha, by purporting to permit a legislative veto.

Former section 618. This provision forbid the implementation or enforcement of disclosure agreements between the United States Government and its employees, unless the agreements included specified language. This provision is unnecessary.

Former section 619. This provision purported to subject certain management decisions related to training to an unconstitutional committee veto mechanism in violation of the principle articulated in Chadha.

Former section 625. This provision purported to subject certain management decisions regarding the relocation of Justice Department judges to an unconstitutional committee veto mechanism in violation of the principle articulated in Chadha.

Former section 626. This provision prohibited the use of funds appropriated for former President's for partisan political activities. It is omitted from the Governmentwide general provisions and proposed as a general provision to be enacted in Title V of the Treasury/Postal appropriations act, because it pertains only to funds provided by that act.

Former sections 620A, 627, and 628. These provisions do not need to be repeated, because they required one-time actions or amended permanent law.

Treasury Postal Appropriation

GSA General Provision:

Sec. 5. -- Permanent authority. No need to repeat language.

Sec. 6. -- Permanent authority. No need to repeat language.

Sec. 7. -- Permanent authority. No need to repeat language.

Sec. 8. -- Permanent authority. No need to repeat language.

Sec. 9. -- Unnecessary and impedes GSA's ability to carry out it's Federal Property Act responsibilities.

Sec. 10. -- Unnecessary and impedes GSA's ability to carry out Federal Property Act responsibilities.

Sec. 103. -- Allows the Financial Management Service to be reimbursed for postage costs from several federal agencies.

Proposal: Provides an incentive to accelerate the use of electronic funds transfers (EFT) by billing customer agencies for the costs of postage. The billings would be reduced as EFT usage increased.

TITLE V

Former Sec. 504. -- Delete provision. This provision is unnecessary because such procurements are covered by the Buy-American Act.

Proposed Sec. 504. -- This provision is amended to allow GSA to seek competitive private sector support services--for up to five years--if sheltered workshops are not interested in, or able to bid for required services. This change allows GSA greater flexibility in meeting the service needs of its customers in job specific areas.

Former Sec. 506. -- Delete provision. This provision unnecessarily reduced management flexibility and prerogatives associated with bond sureties.

Former Sec. 510. -- Delete provision. This provision is superfluous in view of the unquestioned right of all federal and postal employees to petition Congress.

Proposed Sec. 511. -- This provision was enacted in Title VI of the FY 1994 Treasury/Postal Appropriation Act. It is proposed to be enacted as a Title V provision instead, because it pertains only to funds provided by the Act.

Former Sec. 512. -- Delete Provision. This provision unnecessarily limits the Department's ability to manage its programs, especially in this era of "right-sizing". Treasury's objective is to provide the most economically efficient and effective means to protect the Mint and BEP's valuable resources.

Former Sec. 514. -- Delete provision. This provision is unnecessary because such procurements are covered by the Buy-American Act.

Former Sec. 516. -- Delete provision. This provision reduces Customs management flexibility, which is particularly important as Customs evaluates its field structure as part of a significant bureau reorganization.

Former Sec. 517A. -- Delete provision. This provision is no longer necessary because pay raises are assumed to be fully funded in advance in regular appropriations acts.

Former Sec. 517B. -- This section, which prohibited a national schedule pay adjustment for the Title V statutory pay systems in fiscal year 1994, is not applicable in fiscal year 1995.

Former Sec. 518. -- Delete provision. This provision interferes with the Postal Service's authority to determine the need for post offices, facilities, and equipment, and to provide those it determines are needed.

Former Sec. 519. -- This section interfered with agencies' effective management of its Senior Executive Service (SES) workforce.

Former Sec. 521. -- Delete Provision. With the tight funding caps, Customs (as well as many other bureaus) has had to examine various user fee options, including the possibility of a fee on automobiles and individuals crossing our land borders. This provision unnecessarily prohibits Customs from considering this potential new user fee, even though no such fee is currently proposed.

Sec. 522. -- Delete Provision. This provision disrupts oversight efforts and management of the "rightsizing" efforts in BDP. Further, this provision creates inequities by requiring special treatment for BPD employees vis-a-vis the rest of Treasury.

Sec. 523. -- Property transfer complete. No need to repeat language.

Sec. 524. -- Delete Provision. This provision is no longer necessary. The Bureau's plan for consolidation is well under way, is on schedule, and is to be completed by January 1995.

Sec. 525. -- Property transfer complete. No need to repeat language.

Sec. 527. -- GSA is conducting required review. No need to repeat language.

Sec. 531. -- Property transfer complete. No need to repeat language.

Sec. 532. -- Property transfer complete. No need to repeat language.

TITLE VIII

Former Sec. 801. -- Has been accomplished. No need to repeat language.

Former Sec. 802. -- This provision is proposed to be enacted as a Government-wide general provision in Title VI.

Former Sec. 803. -- One-time action required. No need to repeat language.

Former Sec. 804. -- One-time action required. No need to repeat language.

Questions for the Record Submitted by Congressman McDade

Executive Office of the President Staffing Levels

Question. The President's Budget Message submitted to the Congress includes a table showing Federal Employment in the Executive Branch (Table 7-9 on page 248). This table does not list the Executive Office of the President. Are the FTE's in the Executive Office of the President considered part of the Executive Branch? Provide FTE levels for the Executive Office of the President consistent with the FTE levels and definitions included in Table 7-9 of the President's Budget Message.

Answer. Yes. The FTEs of the Executive Office of the President are considered part of the Executive Branch. Those FTEs are included in Table 7-9 in the "All other small agencies" category. The breakdown of Executive Office of the President FTEs are as follows:

	1993 Base	1993 Actual	1994 Est.	1995 Est.	Change: 1993 Base to 1995 FTEs	%
Executive Office of the President*	1,877	1,806	1,651	1,636	-241	-12.8%*

* This analysis includes FTE for the Office of Management and Budget and the U.S. Trade Respresentative

National Performance Review

Question. The President's Budget Message submitted to the Congress referenced 16 NPR based Presidential directives issued to date. Provide these directives for the record.

Answer. See attached document.

Executive Orders and Presidential Memoranda

16 Presidential directives have been issued over the past 3 months to implement NPR recommendations. They are (in chronological order):

The President's Community Enterprise Board, Presidential Memorandum, Sept. 9, 1993.
Creates a board to coordinate across agencies the various programs to help distressed communities and implement community empowerment efforts. This is an essential group to help start the "bottom up" grant consolidation effort in 104 communities across the country. This will ultimately put communities in the drivers seat for achieving results and delivering integrated services to individuals -- in lieu of the hundreds of disconnected federal grants that now exist.

Streamlining the Bureaucracy, Presidential Memorandum, Sept. 11, 1993.
Orders agencies to reduce staff by 252,000 over the next 5 years. The goal is to increase the supervisory ratio from 1:7 to 1:15 and to cut staff offices -- the second guessers -- in half, and empower line managers and employees to achieve customer-oriented results.

Setting Customer Service Standards, Executive Order 12862, Sept. 11, 1993.
Agencies that serve the public are required to define who their customers are, develop and post services standards that are to be the best in the business. They must benchmark standards, survey their customers, provide them with alternative choices, and provide them with means for redress. This will go a long way in changing the orientation of agency service delivery.

Elimination of One-Half of Executive Branch Internal Regulations, Executive Order 12861, Sept. 11, 1993.
Agencies must reduce half of their internal regulations within three years. This will help streamline the headquarters bureaucracy and empower line managers to focus on results and customers, not compliance with rules.

President's Foreign Intelligence Advisory Board, Executive Order 12863, Sept. 13, 1993.
The President's Intelligence Oversight Board is abolished and its functions merged with the President's Foreign Intelligence Advisory Board.

Regulatory Planning Review, Executive Order 12866, Sept. 30, 1993.
This reforms the regulatory review process and encourages agencies to avoid the use of unfunded mandates on state and local governments. It puts the review process more in the public light.

Agency Rulemaking Procedures, Presidential Memorandum, Sept. 30, 1993.
This directs agencies to streamline their regulatory development process. This will help reduce the time and resources it takes to issue regulations.

Negotiated Rulemaking, Presidential Memorandum, Sept. 30, 1993.
This directs all agencies to conduct at least one rulemaking effort through the use of negotiated rulemaking. This is intended to encourage all agencies to try out an innovative approach that has worked well and cost less in other agencies.

Report of Regulations Reviewed, Presidential Memorandum, Sept. 30, 1993.
Requires the head of OMB's Office of Information and Regulatory Review to assess the success of the implementation of E.O. 12866 and to report to the President at the end of six months.

Trade Promotion Coordinating Committee, Executive Order 12870, Sept. 30, 1993.
The committee is charged with coordinating the export promotion and export financing activities of the federal government and to develop a government-wide strategic plan for carrying out such programs.

Implementing Management Reform in the Executive Branch, Presidential Memorandum, Oct. 1, 1993.
This directs all agency heads to designate someone as chief operating officer and creates the President's Management Council -- comprised of chief operating officers -- to help lead reinvention efforts across the government. This will serve as the main nerve center for the culture change and overall reform implementation efforts.

Labor-Management Partnerships, Executive Order 12871, Oct. 1, 1993.
Creates the National Partnership Council to involve government employees and their union representatives in achieving the goals of the NPR. These partnerships will champion change in federal agencies.

Enhancing the Intergovernmental Partnership, Executive Order 12875, Oct. 26, 1993.
Agencies are required to avoid creating any mandates of action that are not accompanied by grants to pay for them. In addition, agencies are asked to review their waiver application processes to ensure they can complete actions on requests within 120 days.

Streamlining Procurement Through Electronic Commerce, Presidential Memorandum, Oct. 26, 1993.
Encourages the exchange of procurement information, such as invoices, electronically between the federal government and private sector. It also provides small businesses with greater access to federal procurement opportunities and simplifies access via standardized formats, using existing networks where possible.

Establishment of the National Science and Technology Council, Executive Order 12881, November 23, 1993.
Creates the National Science and Technology Council, composed of federal agencies, to coordinate the government's science and technology policy and budget making process. The assistant to the President for science and technology will chair the council.

President's Committee of Advisors on Science and Technology, Executive Order 12882, November 23, 1993.

Creates an advisory committee of 16 nonfederal members to advise the President on science and technology matters. The assistant to the President for science and technology will chair the council.

GSA Rental Payments

Question. The 1995 request includes savings of $977,000 from reduced rental payments to GSA. Part of this is from reducing office space by "one floor". Where is this office space located? If it is in the NEOB, what will that space be used for? Will it house another federal agency or office?

Answer. OMB will release all office space on the third floor of the New Executive Office Building (NEOB). Office space within the EOP complex is assigned by the Office of Administration. OMB does not assign office space. It is our understanding that the space will be assigned to other agencies within the EOP complex.

Question. Identify the location of all office space used by OMB, including occupiable square feet and rental payments for each location. Include both FY 1994 and FY 1995.

Answer. For FY 1994, OMB has approximately 18,000 square feet of assigned office space in the Old Executive Office Building and approximately 154,000 square feet of assigned office space in the NEOB. In the only change for FY 1995, OMB proposes to vacate the third floor of the NEOB saving approximately 25,000 square feet. The estimated cost for the assigned office space in the OEOB and the NEOB for FY 1994 and FY 1995 follows:

	FY 1994	FY 1995
OEOB	$622,000	$611,000
NEOB	$5,325,000	$4,376,000

Information Systems

Question. You are requesting $3.1 million for information systems, noting that this is the last year of a five year systems improvement plan. Is this systems improvement plan what is known as Max 2000? Describe the major components of Max 2000.

Answer. FY 1994 was the last year of a five year plan to implement an office automation system and the new Budget and Financial Information System known as Max 2000 (and further discussed in questions below). In FY 1995, OMB proposes to continue to maintain these systems and to make modest upgrades to computer network functions (desktop computers, software, and communications). Some work will also continue on providing more effective Program Examiner access to OMB budget and program databases, including performance management and FTE tracking information.

Question. To date, how much has been invested in the development of Max 2000? What is the total project cost?

Answer. The MAX 2000 project is a five year budget system modernization project that is midway through the last year (FY 1994) of its five year development plan. The total five year cost of the development effort was originally estimated to be $6.7M. The project will be completed at the end of this fiscal year at a total cost over the five year period of $6.7M.

Funds Appropriated to the President
(Unanticipated Needs)

Question. The justification material submitted for unanticipated needs for the Executive Office of the President shows only $1.0 million for FY 94. However, P.L. 103-211, the 1994 Emergency Supplemental Appropriations Act, included $550 million for emergency expenses related to the LA earthquake in this account. Why wasn't this $550 million reflected in the estimates for FY 1994 for Unanticipated Needs? How are these funds tracked?

Answer. The $550 million supplemental appropriation was not reflected in the FY 1994 estimates shown in the FY 1995 budget because the request for and enactment of the supplemental took place after the FY 1995 budget was transmitted.

As you know, the President's Emergency Supplemental budget request for "unanticipated needs" was developed expressly to meet emergency needs resulting from the Southern California earthquake, the Midwest floods and other disasters. The $550 million in supplemental funds has been assigned a separate accounting symbol by the Treasury. The disaster assistance funding is to be distributed among various Federal agencies providing such assistance based on the plans which they submit to the President through OMB. OMB will track all interagency transfers from this appropriation and the Office of Administration's Financial Management Division will record all such transfers against available authority.

Question. Provide an historical table on Unanticipated Needs showing, by year, amounts appropriated and amounts obligated (by activity).

Answer. The following table shows actual appropriations and obligations from the Unanticipated Needs account for FY 1984-1994.

UNANTICIPATED NEEDS			
Appropriations and Expenditures 1984-1994			
FY	APPROPRIATION	ACTUAL	DESCRIPTION
84	1,000,000	375,000	WHCA EOP Computer Center Conversion
85	1,000,000	162,000	VP's Task Force on Combatting Terrorism
86	957,000	180,608	VP's Task Force on Combatting Terrorism
87	1,000,000	242,000	President's Special Review Board
		195,000	Iran Contra Hearings
		325,000	U.S. Secret Service
88	1,000,000	150,000	Task Force on Market Mechanisms
		20,000	WHO Conference for a Drug-Free America
		110,000	President's Commission on Privatization
89	1,000,000	181,000	National Space Council
90	1,000,000	- 0 -	
91	1,000,000	- 0 -	
92	1,000,000	- 0 -	
93	1,000,000	- 0 -	
94	1,000,000	250,000	JFK Assessination Records Review Board
	550,000,000	*	Supplement for Disaster needs pursuant to P.L. 103-211
Source: The Budget of the United States Government			

* Pursuant to the explanatory statement of the Senate Committee on Appropriations on H.R. 3759, OMB will provide the Committees with a quarterly report on the status of obligations.

Reductions in Administrative Expenses for the Executive Office of the President

Question. Last year, the President issued an Executive Order requiring administrative expense reductions of "not less than" 3 percent in 1994, growing to "not less than" 14 percent in 1997. As I understand it, administrative expense reductions are estimated at 6 percent in FY 1995.

For FY 1994, the Executive Office of the President testified before this subcommittee that administrative reductions for the White House Office were $200,000, $265,000 for the Office of Administration, and $8,000 for the Office of the Vice President.

For FY 1995, EOP justifications indicate exactly the same amount of administrative reductions for the White House and the Office of Administration, i.e., $200,000 and $265,000 respectively.

Why are estimates of administrative savings the same for these two accounts for FY 1994 and FY 1995? Given that the President's directive is to gradually increase administrative savings over the next three years, shouldn't we see an increase in Administrative savings for these two accounts?

Answer. The estimates shown in the FY 1995 budget request take the FY 1994 appropriation as their starting point. The FY 1994 appropriation already reflects the respective $200,000 and $265,000 administrative cost reductions for the White House Office and the Office of Administration. Thus, the tables in the FY 1995 justifications show only the FY 1995 increment of the administrative cost reduction, not the cumulative amount.

Question. Are the White House Office and the Office of Administration exempt from the President's directive to achieve administrative savings of "not less than" 6 percent in FY 1995?

Answer. No. The budget estimates for both these accounts reflect administrative savings of 3 percent in each of FY 1994 and FY 1995, for a cumulative total of 6 percent savings.

Obligated Balances Carried Over in the Executive Office of the President

Question. According to supporting documents submitted with your testimony, obligated balances for the White House Office, the Office of Administration, the Office of Policy Development and Special Assistance to the President are, on average, increasing by more than 15 percent over the FY 1994 to 1995 period, with increases of almost 25 percent for the White House Office alone. Since the end of FY 1992, there has been an overall increase of 63 percent in obligated balances for these four accounts. What accounts for this growth in obligated balances over the 1992 to 1995 period?

Answer. In the appropriations for the White House Office, the Office of Administration and Special Assistance to the President, supplemental funding was approved in July 1993. As a result funds were obligated in the fourth quarter year to allow for expenditures prior to September 30. The estimate for obligated balances carried over in FY 1994 and 1995 is based on outlay projections based on the most recent prior fiscal year. The high obligated balances carried over result primarily from using the low spend-out rate experiences in FY 1993. Likewise, outlay estimates for the Office of Policy Development are lower than usual, due to deferral of discretionary spending until late in the fiscal year pending receipt of reimbursement from the Treasury Department associated with Health Care Reform initiatives. This also resulted in a smaller than usual first-year spend-out rate.

Question. By object class, provide detail on the obligated balances for FY 1992, FY 1993, FY 1994 and FY 1995 for the following accounts: White House Office, Office of Administration, Office of Policy Development, and Special Assistance to the President.

Answer. The obligated balance amounts shown in the President's budget appendix represent the total unexpended balance for each account at the close of business on September 30 of each fiscal year and also include unliquidated balances in the five preceding fiscal years for which reports are required to the Office of Management and Budget and the Treasury. The majority of these balances are routinely expended early in the following fiscal year. In a typical fiscal year, as was FY 1992, obligated balances carried over in the personnel and benefit object classes reflected items for which liability was incurred in FY 1992 but for which outlays would not be made until the following fiscal year. These items included obligations for reimbursable

detailees and consultants as well as cash awards to employees earned but not actually paid out until early in the next year. In addition, obligations for unemployment compensation are included which were not actually paid out until after the close of the fiscal year.

Other obligated balances remained for rental payments to the General Services Administration to assure sufficient funds to cover final billing adjustments for office space. Similarly, in the rents, communications and utilities object class balances remained for payment of FY 1992 telecommunications charges and office machine rentals which were not expended until the following fiscal year. In the other services category, balances remained to cover payments for services rendered near the close of the fiscal year. Other obligated balances remained for payment of printing, supplies, and equipment purchases in the next fiscal year.

As mentioned earlier, supplemental funding was requested in FY 1993 for the Office of Administration, the White House Office (WHO) and Special Assistance to the President (OVP). Since the requested supplemental funding was not approved until July, discretionary spending had to be deferred until availability of additional funding could be assured. Accordingly, a much higher than normal level of obligations was incurred late in the fiscal year which would not be liquidated until early in the next fiscal year. In a similar fashion, the Office of Policy Development (OPD) deferred much of its discretionary spending until receipt of reimbursements from the Treasury Department in support of Health Care Reform initiatives.

The delay in discretionary spending caused a lower than normal spend-out rate of obligated balances for FY 1993. The actual spend-out rate for the WHO was 88 percent of current-year obligations; for OA the spend-out rate was 69 percent; for OVP 83 percent, and for OPD 79 percent. The estimated outlay estimates were developed, according to standard practice, by applying the most recent actual outlay percentage rates to the total obligations estimated for both the current and budget years in each account. As a result of application of these lower than normal outlay percentage rates, the estimated obligated balances were proportionately higher. For FY 1994, we expect the current year outlay rates to return the normal spend-out rate resulting in lower than predicted obligated balances in each account.

Question. Of the total request of $28.4 million for the Office of Administration, $11.0 million is estimated to be an end of year obligated balance or almost 40 percent of the total appropriation request. Do you believe that such a large obligated balance is consistent with the principles of appropriation laws?

Answer. As indicated earlier, the estimator used to project outlays in FY 1994 and FY 1995 for the Office of Administration was based on FY 1993 in which supplemental funds were approved late in the fiscal year and other discretionary spending was delayed pending approval of the additional funding. As there are no supplemental items pending for the current fiscal year, available funding is being obligated in a more timely manner and should result in higher than predicted current year outlay rates. This more timely obligation pattern should result in lower obligated balances at the close of fiscal years 1994 and 1995. In addition, all procurements are reviewed by the procurement officer to assure their compliance to established principles of appropriation law.

EOP Executive Residence Offsetting Collections

Question. Appropriations for the Executive Residence of the President are offset with offsetting collections. In 1993, total offsetting collections were $1,280,000. In 1995, they are estimated to be $1,710,000, an increase of 34 percent. What accounts for this 34 percent increase in offsetting collections?

Answer. We should clarify that offsetting collections do not offset appropriations. Technically, offsetting collections are adjustments to the gross budget authority, not just the appropriated amount. What is offset is the total of the gross budget authority which includes the appropriation and the reimbursement. It is also important to note that offsetting collections that do not materialize cannot be spent.

Nevertheless, for the purpose of disclosure, offsetting collections for the Executive Residence are estimated in advance. The amounts can, and do, fluctuate significantly from one year to another depending upon the activities and responsibilities of the President. The original estimate for FY 1993 was $1,640,000. However, the actual level of reimbursable activities was significantly lower than the estimate, totalling $1,280,000.

Question. Along the same lines, most of this increase in offsetting collections is from federal funds. In fact, offsetting collections from federal funds jumped from $454,000 in 1993 to $1,390,000 in 1994 and $1,440,000 in 1995. This is an increase of 220 percent over two years.

What accounts for this 220% increase in offsetting collections from federal funds? Which federal agencies make these payments? For what activities? What are considered allowable activities? Has this changed over the past two years? What has changed to cause this surge in offsetting collections?

Answer. The $454,000 figure represents the actual reimbursement from Federal sources in FY 1993. The levels of reimbursement are estimated in advance and are subject to significant fluctuations from one year to the next. The original estimate for the Federal portion was $1,370,000. Therefore, the anticipated Federal reimbursement was significantly different than what actually occurred.

Most Federal reimbursements come from the State Department, the General Services Administration, and the White House Communications Agency for services and utilities provided. Differences in Federal reimbursements are primarily due to world events, and often depend upon the number of dignitaries visiting the United States on official State Visits. In FY 1991, the Federal reimbursement totalled $1,046,000; in FY 1992, the Federal portion was $326,000.

Reducing Perquisites and Fiscal Responsibility

Question. Last year, OMB Bulletin No. 93-11, issued on April 19, 1993, provided guidance to agency heads on fiscal responsibility and reducing perquisites in the federal government. This Bulletin also established specific reporting requirements for agency and departmental heads. Have all agencies and departments reported to OMB, as required by this Bulletin?

Answer. All Departments and agencies have responded to the Bulletin as required.

Question. Has there been a reduction in perks over the 1993 to 1994 period? Show these reductions for the following areas: use of government vehicles, use of first class travel, use of government aircraft, and executive dining facilities.

Answer. Agencies have reported that over 500 executive motor vehicles have been eliminated and nine executive dining facilities closed. In addition, first class travel by Federal employees has been restricted and agencies are more closely scrutinizing conference travel. The attached summary document provides additional information on agency reported reductions. We have not, however, collected savings data for the period 1993 to 1994. Agency savings estimates or cost avoidances were based on costs experienced during the most recent fiscal year -- FY 1992.

Reducing Perks

In response to the President's directives of February 10, 1993, which instructed agencies to curtail the use of specific perquisites, agencies reported the following:

Use of Government Vehicles

Fourteen Cabinet Departments and thirteen other agencies reported that they have reduced the Federal executive motor vehicle fleet from 1077 to 559 vehicles -- a reduction of 518 vehicles. Agencies reported savings or cost avoidances of approximately $2.3 million associated with this reduction.

Use of First Class Travel

The General Services Administration (GSA) has issued revised Federal Travel Regulations regarding first class travel. The regulations further restrict Federal employee use of first class travel.

Use of Government Aircraft

Agencies were instructed to report to OMB on their continuing need for aircraft configured for passenger use. Aircraft-owning agencies reported that 260 out of 1,439 aircraft are configured for passenger use -- less than 20 percent of civilian agency aircraft. Although all of the 260 aircraft can be used for carrying passengers, only 138 aircraft were reported as being primarily or frequently used for passenger transportation.

Executive Dining Facilities

Eight Departments and agencies closed some or all of their executive dining facilities and reported savings or cost avoidances of over $400,000 annually; seven continue to operate one or more executive dining facilities to meet representation or mission requirements and now recover the cost of meals served; and four reported no dining facilities. Twenty smaller agencies also reported that they did not operate executive dining facilities.

Travel to Conferences

Agencies have heightened their review of conference travel to ensure that such travel is necessary, that the right people are attending, and that conference locations are selected on a cost basis.

Question. What are the total cost savings associated with this Bulletin?

Answer. Agency data submissions estimated savings and cost avoidances of approximately $2.7 million, associated with a reduction in executive motor vehicles and the closure of executive dining facilities. No savings estimates were requested from agencies on the use of first class travel, where GSA was required to tighten existing travel regulations, or in the use of government aircraft, where a comprehensive inventory was tabulated.

Question. Provide agency and department head reports submitted to OMB in compliance with this bulletin for: the use of government vehicles, use of first class travel, use of government aircraft and executive dining facilities.

Answer. A summary has been included (as noted above). The requested agency reports have been submitted to the Subcommittee.

Question for the Record Submitted by Congressman Visclosky

OPM Debarment

Question. Two weeks ago, OPM Inspector General Patrick McFarland testified before the Subcommittee. I asked him to give me a follow-up on a subject that is extremely important to me: the Federal Employees Health Benefit Plan and debarment of unfit health care providers.

Inspector General McFarland testified that things were moving ahead with good speed. In the past year, 1,575 health care providers had been debarred by OPM. The 1,575 health care providers had first been debarred by other Federal agencies. OPM was able to exclude them from the FEHBP under the Common Rule.

In response to my questions, Inspector General McFarland informed me that OPM has proposed legislation that would give OPM the authority to initiate the debarment process against questionable health care providers who had been debarred by other agencies. The proposal is pending before the Office of Management and Budget. Can you tell me the status of OPM's legislative proposal? If there are technical problems with that proposal, what are they? When do you expect OMB to approve a proposal to allow OPM to debar unfit health care providers from the FEHBP?

Answer. In the Fall of 1993, OPM submitted a draft legislative proposal to remove statutory impediments to effectual debarment of unfit health care providers under the FEHBP law. OMB raised several technical questions where the OPM proposal differed or appeared to be inconsistent with the Common Rule. The questions were relatively minor given the scope of the legislation (involving length of debarment for certain offenses and the need for formal hearings when imposing certain sanctions), but addressed complicated issues of due process. OPM staff are currently coordinating with HHS regarding Medicare debarment procedures and, where appropriate, researching similar due process issues under other administrative sanctions programs authorized by Federal statute, in order to resolve these questions. OMB is waiting for OPM to complete its research.

Question for the Record Submitted by Congressman Lightfoot

Computer System

Question. I understand that you had tremendous difficulty with the Max 2000, the computer system that replaced the Budget Preparation System (BPS). Please describe the problems you had and the reasons for them.

Answer. The major problem was that we prepared the President's 1994 budget using a system that was 25 years old, and we prepared the President's 1995 budget using MAX 2000 without a dry run. That was very difficult for not only us, but the agencies and others who had to be involved.

Question. How much has been invested in the development of the Max 2000?

Answer. The MAX 2000 project is a five year budget system modernization project that is midway through the last year (FY 1994) of its five year development plan. The total five year cost of the development effort was projected to be $6.7M. The project will be completed at the end of this fiscal year, on time and on budget, at a total cost over the five year period of $6.7M.

Question. How much additional funding will be required to fix the system? Is it worth fixing or should you be thinking about starting over?

Answer. When you put together a system as complex as required to produce the President's budget, it is less a matter of money and more a matter of careful development. We have teams devoted to reviewing the residual problems

with the system right now. Most of those who were complaining about the system could see the promise of MAX 2000 once we solved the early operational problems. We are confident it is going to be significantly improved next year, but whether we will solve all the problems by then hasn't been determined yet.

It is not desirable or possible to revert to the old system (BPS). It was outdated even before the MAX 2000 project began. The problems with MAX 2000 were more a function of the mainframe computer system than they were the new software. This is a problem that can be solved without a large expenditure of funds for additional software development. The mainframe computer system must be tuned to operate the software, and it may also require minor mainframe system upgrades. Additionally, allowing direct communications with the departments and agencies to simultaneously enter data from their location and receive an online response (a new capability) may require a communications network upgrade.

Question. In the 1995 budget appendix, the line items for travel and the President's travel were omitted. How did that happen? Doesn't the computer check for these kinds of errors and highlight them for correction? Is this one of the problems with the Max 2000?

Answer. It was due to a programming error in the MAX computer system, and was not related to errors or omissions by either the Office of Administration or the White House Office. The lines were inadvertently omitted by the MAX system that OMB uses to prepare the budget. This MAX computer problem was not unique to the White House Office account, but was one of a number of startup problems with using a new system. The White House Office Budget Justification for FY 1995 corrects the error and specifies the amounts for travel. Totals for the White House Office account are correct in the Appendix. The two missing detail lines for travel were in the data base, but were not picked up by the automated printing program for program and financing schedules, as they should have been.

Question. Are there other omissions in the budget? Are you going to publish an errata sheet?

Answer. Shortly after the FY 1995 Budget was released, OMB compiled an errata sheet. Most of the errors identified were either "print process-related" or "database(MAX 2000)-related." Given the difficulties of this budget season -- particularly the "birth" of MAX -- the number of errors is perhaps even smaller than may have been expected. We do not anticipate that

any of the errors will create problems for scoring legislation or have any measurable impact on the deficit. Therefore, we will not be publishing an errata sheet.

White House

Question. With the existence of the Office of Administration, why does OMB need a 15 person administrative staff? What is the total cost for salaries on this staff? Please provide a list of those employees who are at the GS/GM 14 or above level.

Answer. OMB is continually striving to avoid duplication of efforts with the Office of Administration. The OMB Administration Office is the centralized division for all internal OMB personnel, budget, and administrative functions. The Administration Office acts as the OMB liaison and coordinates with the Office of Administration on the above mentioned areas. Total cost for salaries of the 16 full-time permanent Administration Office staff is $1,032,408. The following is a list of Administration Office employees who are at the GS/GM-14 or above level.

John B. Arthur
Assistant Director for Administration

William R. Feezle
Staff Assistant

Brian Gillis
Budget Officer

Darrell A. Johnson
Deputy Assistant Director for Administration

Frank J. Seidl III
Staff Assistant

Paul Tisdale
Management Information Systems Analyst

Stephen A. Weigler
Human Resources Manager

Question. One would think that as a result of the National Performance Review and the issuance of Executive Order 12837 on February 10, 1993, some reductions in this function would have been identified. Why wasn't there?

Answer. The FY 1995 budget request reflects the full reduction in administrative costs required by Executive Order 12387. Further reductions in administrative costs are anticipated in FY 1996-1997 as required as well.

Question. By going through the White House telephone directory, it looks like there are more than 80 White House employees doing administrative functions in addition to the staff of the Office of Administration. Why is that? Is the concept behind a centralized administrative agency for all of EOP unrealistic? Have you made any effort to eliminate the duplication and consolidate all administrative functions in the Office of Administration?

Answer. The Office of Administration (OA) provides a full array of customer based administrative services to approximately 1,800 clients in all agencies of the Executive Office of the President (EOP). Specifically, the OA provides financial, personnel and information management services, library and records management services as well as general services support. The services which OA renders are those which are common to all or most of the EOP agencies. For example, OA maintains official personnel records for all EOP employees as well as maintains the official accounting and financial records for all EOP agencies. In addition, OA runs the EOP data center which provides access to mini and mainframe computers which are used by all agencies. OA also plans and maintains the information management infrastructure which enables communication between the various local area networks throughout the EOP. Centralized purchasing and contract management services are also provided by OA . The centralized nature of the OA's services allow one organization to provide many important administrative functions and avoids duplication of the same activities by the EOP agencies.

While administrative functions continue to be performed within the EOP agencies, they are specific to the operations of the individual agency. The administrative functions being performed by White House Office staff directly relate to the President's activities. It would, in most cases, not be feasible for another agency to be performing services which relate exclusively to White House operations. In addition, the employees of the White House, the Vice President's Office and the Office of Policy Development serve at the pleasure of the President and are chosen for their expertise and ability to accomplish the goals of the current Administration.

The Office of Administration is continually striving to improve its services to the EOP customers and is constantly in search of ways of avoiding duplication of effor'. among the agencies.

Question. How many schedule C and non-career SES positions have been filled in OMB since January 20, 1993? Please list those employees and their title and level of pay.

Answer. There are 37 established political positions in OMB -- six are filled by Presidential Appointment with Senate Confirmation; nine are non-career SES appointments; and 22 are Schedule C. The following is a list of the currently filled Schedule C and non-career SES positions.

Gordon Adams
Associate Director for National Security and International Affairs
ES-5 (non-career SES)

John Angell
Executive Associate Director
ES-4 (non-career SES)

Daniel Coyne
Legislative Assistant
GS-5 (Schedule C)

Christopher Edley
Associate Director for Economics and Government
ES-5 (non-career SES)

Martha Foley
Associate Director for Legislative Affairs
(previous title: Special Assistant to the Director)
ES-3 (non-career SES)

T.J. Glauthier
Associate Director for Natural Resources, Energy, and Science
ES-5 (non-career SES)

David Grinberg
Press Assistant
GS-10 (Schedule C)

Scott Johnson
Confidential Assistant to the Associate Director for Health
GS-10 (Schedule C)

Phyllis Kaiser-Dark
Confidential Assistant to the Administrator,
Office of Information and Regulatory Affairs
GS-11 (Schedule C)

Courtney Manning
Confidential Assistant to the Associate Director
for Natural Resources, Energy, and Science
GS-10 (Schedule C)

Diana Marino
Confidential Assistant to the Director
GS-15 (Schedule C)

Matthew Miller
Senior Adviser to the Deputy Director
(previous title: Special Assistant to the Deputy
Director)
GS-15 (Schedule C)

Nancy-Ann Min
Associate Director for Health
ES-5 (non-career SES)

Joseph Minarik
Associate Director for Economic Policy
ES-4 (non-career SES)

Lydia Muniz
Staff Assistant
GS-7 (Schedule C)

Wendy New
Confidential Assistant to the Associate Director
for Human Resources
GS-10 (Schedule C)

Valerie Owens
Confidential Assistant to the Deputy Director
GS-14 (Schedule C)

Jennifer Palmieri
Legislative Assistant
GS-12 (Schedule C)

Isabel Sawhill
Associate Director for Human Resources
ES-5 (non-career SES)

Barry Toiv
Associate Director for Public Affairs
(previous title: Associate Director for External
Affairs)
ES-2 (non-career SES)

Jodie Torkelson
Special Assistant to the Director
GS-15 (Schedule C)

Lori Victor
Confidential Assistant to the Associate Director
for Economics and Government
GS-10 (Schedule C)

NOTES: The following positions were filled prior to January 20, 1993 and are not included above:

Lois Altoft
Confidential Assistant
GS-11 (Schedule C)

Martha Black
Confidential Assistant
GS-13 (Schedule C)

Thomas Bruce
Public Affairs Specialist
GS-9 (Schedule C)
(No longer employed -- replaced by David Grinberg.)

Terry Olson
Confidential Assistant to the Controller
GS-12 (Schedule C)
(No longer employed; position has not been filled.)

Sandy Via
Confidential Assistant
GS-13 (Schedule C)

The following individuals were hired after January 20, 1993 but subsequently resigned and are not included above:

James Carter
Special Assistant to the Deputy Director
GS-9 (Schedule C)
(Position has not been filled.)

Kathleen Maloney
Confidential Assistant to the Associate Director
for Economics and Government
GS-11 (Schedule C)
(Replaced by Carolyn Russell Griffith.)

Carolyn Russell Griffith
Confidential Assistant to the Associate Director
for Economics and Government
GS-11 (Schedule C)
(Replaced by Lori Victor.)

Robert Schiffer
Legislative Assistant
GS-14 (Schedule C)
(Replaced by Daniel Coyne.)

Question. Leon, you and Mr. McLarty are the signatories of the management report on the White House Travel Office affair. Did either of you actually interview any of the parties involved or did you rely solely on the work performed by John Podesta and Todd Stern? Please identify those individuals personally interviewed by either you or Mr. McLarty?

Answer. I did not personally interview any of the parties involved and relied on the work performed by Mr. Podesta and Mr. Stern. I am not aware of any primary interviews conducted by Mr. McLarty, and would refer you to his office for such information.

Question. The travel office management report indicates that William Kennedy and several other persons were reprimanded for their actions. Were these reprimands in writing or were they given orally? Who issued the reprimands?

Answer. The reprimands were given orally by Mr. McLarty and me.

Question. Are all of the reprimanded employees still EOP employees? Have any of them received pay increases since May, 1993? If so, please identify those who have received pay increases, and the amount of the raises.

Answer. I would not have access to information on whether or not any of the reprimanded employees are still EOP employees or whether or not they have received any pay increases since May, 1993. I would refer you to the White House Office, which is responsible for such personnel matters, for that information.

Questions Submitted for the Record by Congressman Istook

Reformulated Gasoline Rule

Question. Please describe the process by which EPA has developed its rule for the reformulated gasoline requirements of the Clean Air Act. what was the result of the regulatory negotiation with industry that occurred

prior to issuing the proposed rule?

Answer. The negotiated rulemaking agreement provided for the reductions in Volatile Organic Compound (VOC) and toxic emissions as well as the content specifications (including oxygen content) required of reformulated gasoline by Section 211 (k) of the Clean Air Act. This agreement was fully reflected in the final rule. The agreement did not address the use of renewable oxygenates to meet the oxygenate requirement. The renewable oxygenate requirement was the subject of a proposed rule published on December 27, 1993.

Question. Did EPA take full account of the costs to the petroleum refiners of mandating one oxygenate (ethanol) over other alternatives?

Answer. The December 27, 1993 proposal would not mandate the use of ethanol over other oxygenates. It would require that 30 percent of the oxygenate requirement be met with renewable oxygenates. During the summer months, ethanol could not be used to meet the 30 percent requirement. EPA did not undertake an explicit analysis of the costs to refiners of this proposal.

Question. Were the results of the regulatory negotiation fairly represented in the final proposed rule? Did EPA ignore the terms of the negotiated agreement in its final proposed rule?

Answer. As noted above, the final rule for reformulated gasoline, faithfully implemented the negotiated agreement.

Question. Does EPA have legal authority under the Clean Air Act to mandate, in effect, the use of ethanol in reformulated gasoline, to the exclusion of other additives that reduce pollutants just as effectively.

Answer. In the preamble to the December 27, 1993 proposal, EPA states that its proposal is within its authority under Section 211(k) of the Clean Air Act.

Question. When OMB reviewed the proposed rule, did you insure that refiners would have the widest options possible to meet the requirements of the law in the most cost-effective way?

Answer. Because EPA wanted the renewable oxygenate proposal to accompany the final rule, which itself was subject to a court-ordered deadline, OMB did not undertake an independent analysis of the possible options associated with the proposal. However, in the preamble, EPA explicitly solicited comments on alternative means of

achieving the regulatory objective.

Question. What will be the impact on federal revenues, because of the tax benefit given to ethanol, of essentially requiring ethanol as the only additive to meet the Clean Air Act requirements.

Answer. As noted above, the proposal does not mandate the use of ethanol as the only additive. In any event, in the preamble to the proposal, EPA estimated that up to $340 million could be lost to the Highway Trust Fund annually. However, this figure assumed all the ethanol used under the proposal constituted new ethanol production, rather than a reallocation of existing ethanol production. The preamble also noted that this figure did not account for potential savings in farm price support payments.

Question. What were the Department of Transportation's comments on this proposed EPA rule? Secretary Pena sent a letter, which he later withdrew, expressing his concern over the cost to the government of mandating ethanol as the clean air additive. What information about the tax treatment of ethanol supported Secretary Pena's original conclusions?

Answer. Secretary Pena's comments to OMB were limited to the potential consequences of the proposal on revenues to the Highway Trust Fund. As noted in the question, any other comments that may have been attributed to him were withdrawn.

Question. What were the Department of Energy's comments on this rule? Does DoE's analysis indicate that the proposed use of ethanol may not achieve the air pollution reduction required by the Act? Please provide the Subcommittee a copy of DoE's scientific assessment of this proposed rule.

Answer. The Department of Energy did not submit any written statement during the comment period on the December 27, 1993 proposal. However, DOE has recently provided to EPA a draft analysis of the effects of EPA's proposal on oil use, fossil energy use and greenhouse gas emissions. EPA is in the process of making that material available to the public.

Regulatory Review

Question. As you know, the President last year signed Executive Order 12866, to provide for the orderly review of government regulations. What is the status of the Administration's efforts to reform the regulatory

process?

Answer. With the signing of the Executive Order, much of the controversy surrounding centralized review was eliminated and we were able to begin the processes, outlined in the Executive Order, for streamlining the review process, focusing our resources on the significant, rather than the routine, regulation, coordinating regulatory activities among affected agencies and providing greater openness to the process. When the President signed the Executive Order, he also signed a memorandum asking the administrator of the OMB Office of Information and Regulatory Affairs (OIRA) to submit a report by May 1, 1994 analyzing the first six months of the new review process. To help us assess how well the Executive Order is accomplishing its objectives, my staff has been meeting with representatives from business groups, public interest groups, State, local and tribal groups, and the agencies. The report is to be published in the Federal Register.

Question. What steps is the Administration taking to reduce the burden of federal regulation on the economy, especially on small business?

Answer. The Administration is very concerned about the special burdens of regulation on small business and is committed to improving the relationship between its regulatory agencies and the small business community. In September, the President appointed the White House Conference on Small Business Commission. The Commission is charged with convening a series of State and regional meetings that will culminate in a national White House Conference on Small Business in June 1995. In addition, last month OIRA and the Small Business Administration convened the first of a series of meetings with small business groups to identify, recommend, and help implement specific reforms of the regulatory process in order to ease the impact of regulation on small firms.

Question. Please provide for the Subcommittee the number of regulations OIRA has reviewed since the President issued his executive order. Of these, how many has OIRA delayed or returned to the regulating agency for modification?

Answer. President Clinton issued Executive Order 12866, "Regulatory Planning and Review," on September 30, 1993. From October 1, 1993 to March 31, 1994, agencies submitted, and OIRA reviewed, 577 regulations. The average review time for these rules was 25 days; all were reviewed within the time limits established by the

Executive Order or were extended at the request of the agency. In about 60% of the cases, review was completed without change in the rule. In about 30%, review was completed with change in the rule. The remainder were either withdrawn or returned because they were sent improperly; there were 2 regulations that were returned for reconsideration.

Question. What are the results of the President's order that agencies consider "the degree and nature of the risks posed by various substances or activities" and to base their decisions on "the best reasonably obtainable scientific information concerning the need for, and consequences of, the intended regulations?" Has this approach resulted in any measurable savings to the U.S. economy? If so, how much?

Answer. We have seen an increased sensitivity among the agencies with respect to the incorporation of good science into health, safety, and environmental regulations to the extent that the statutes under which they ar regulating permit consideration of such matters.

It would be very difficult, if not impossible, to measure the savings that may be realized as a result of the Executive Order because the agencies are the entities primarily responsible for implementing the principles, and to the extent they do their jobs, the reviewing entity would not be aware of what would have been done in the absence of the Order.

Judicial Review of Federal Regulations

Question. A bill currently in Congress, H.R. 830, would amend the Regulatory Flexibility Act to allow judicial review of federal regulations. It would also require federal agencies to consider the impact of their actions on small business. What is the Administration's position, if any, on this bill? Is OIRA already working these lines, which may make the bill's passage unnecessary?

Answer. On March 16, 1994, Vice President Gore wrote Congressman Tom Ewing, the prime sponsor of H.R. 830, suggesting that "enactment of H.R. 830 or a similar bill would not be appropriate at this time." In his letter, the Vice President noted that: "the President has nominated Jere W. Glover to be the Chief Counsel for Advocacy. This Administration believes that the Chief Counsel for Advocacy designee should have the opportunity to assume his position and determine how he can best improve his ability to work effectively with other agencies."

The OIRA Administrator, Sally Katzen, is fully aware of the concerns reflected in H.R. 830, and has asked her staff in reviewing agency regulations under Executive Order 12866, to consider whether agencies have properly complied with the Regulatory Flexibility Act. In addition, she has meet with the Chief Counsel for Advocacy Nominee, and assured him of her willingness to work cooperatively to assure that agencies prepare quality regulatory flexibility analyses for rulemakings where required to do so.

Venezuelan Oil Imports

Question. What is the status of Venezuela's request for an exception to the Clean Air Act for its imports? Will the U.S. be granting any special treatment to Venezuelan products which enter this country?

Answer. As you know, the government of Venezuela has raised the possibility of challenging EPA's reformulated gasoline rule under the General Agreement on Tariffs and Trade. For reformulated gasoline produced between 1995 and 1997, the rule allows domestic refiners to use a baseline developed from their own 1990 gasoline, while requiring foreign refiners to use a statutory baseline. EPA has stated that it reexamined this issue, and will publish a proposal in the Federal Register shortly. The proposal would be open to public comment, and these comments would be carefully evaluated before any final decision is made. The Administration will ensure that the foreign baseline issue is resolved in a manner consistent with fair trade and environmental protection.

Beer and Wine Advertising

Question. The elimination of the deductibility of beer and wine advertising has, in the past, been considered as a possible way to raise revenue for the government. Does the Administration have any plans to propose such a tax change to Congress?

Answer. No.

Federal Communications Commission

Question. The Administration has called for creating a National Information Infrastructure, and has asked the Federal Communications Commission (FCC) to establish regulations for the new information age. Given these new duties, does the Administration plan to seek

increased funding for the FCC, either through higher user fees, or through a direct appropriation from general funds?

Answer. The President's FY 1995 Budget proposes increasing the funding level for the FCC from $161 million in FY 1994 to $168 million in FY 1995. This fully funds the FCC's FY 1995 budget request to OMB. With respect to funding, the President's Budget increases the level of fees collected by the FCC from $61 million in FY 1994 to $96 million in FY 1996, thereby reducing net budget authority from $100 million in FY 1994 to $72 million in FY 1995.

FCC Chairman Reed Hundt is currently in the process of reorganizing the Commission's staff. The Chairman's goal is to meet the demands of both implementing the Cable Act of 1992 and developing a regulatory structure to implement the Administration's National Information Infrastructure Initiative. Both the FCC and OMB are monitoring pending telecommunications legislation in the House and Senate, as each of the major legislative proposals will place significant new demands on the FCC.

Alternative Fuel Vehicles

Question. The President directed, through Executive Order 12844, that federal agencies procure 7,500 alternative fuel vehicles (AFVs) in FY 1993, 11,250 AFVs in FY 1994 and 15,000 AFVs in FY 1995. What action has been taken on this order so far? How many AFVs does the government now operate? How many additional AFVs does the government plan to acquire in FY 1995? Has the government found that any one alternative fuel (natural gas, methanol, etc...) better suits its needs than others?

Answer. In FY 1994 DOE expects that we will be buying about 7,700 alternative-fuel vehicles, vs. the 7,500 required by law and the 11,250 goal set in the Executive Order. This will bring the total number of AFVs in the Federal fleet to 18,600 by the end of this year. The number is lower than planned in the Executive Order largely because GM has halted production of their CNG (compressed natural gas) vehicles after two refueling explosions earlier this year. We will be working with DOE and GSA, however, to see if purchases of methanol and ethanol vehicles can be stepped up to meet the Executive Order's goal.

In FY 1995 we expect to purchase or convert 15,000 additional alternative-fuel vehicles. To the extent practicable, we are trying to maintain an equitable

distribution of alcohol-fuel vehicles (methanol and ethanol) versus natural-gas vehicles, although the natural-gas vehicles typically cost more.

Each fuel type has its advantages in particular applications: so far, we have not determined that one alternative fuel is better than others overall. In fact, from an energy-security standpoint, we may be best off if we continue to use several different fuel types.

Very few natural-gas vehicles are currently actually made at the factory: most are conversions done by third-party companies before the vehicles are delivered to dealers. In light of that, we have been working with GSA to streamline some of their procurement rules, to allow purchase of vehicles converted by a greater number of companies, so long as the manufacturers are certified by EPA.

The Task Force on Federal Fleet Conversion has recommended prioritizing urban regions into "tiers", and focusing our placement of Federal alternative-fuel vehicles in those first, second, and third-tier cities. The Department of Energy also has an initiative (DOE Clean Cities) in which the government will make an effort to target our alternative-fuel vehicles to cities that show a commitment to alternative fuels. Focusing our placements in specific geographic areas is the most effective way of encouraging private development of fueling infrastructure and service facilities.

Following are alternative fuel vehicles purchased through GSA's automotive commodity center:

Actual FY 1993	Actual to Date FY 1994	Estimated FY 1995
3,213	6,301	9,514

Secondary Containment Rule

Question. The EPA is expecting to issue a rule, to be reviewed by OMB, to require on-shore oil facilities to build "secondary containment" around storage tanks to prevent the escape of oil in the event of an accident. EPA's analysis estimates this rule will cost industry, and the economy, $140.6 million the first year and $60.9 million each year thereafter.

The EPA has indicated that, despite the expense, it will not grant companies any credit for having secondary containment structures in place, and will require them to still incur the full expense of preparing for spills as if secondary containment didn't exist.

Isn't this regulatory overkill? Oil companies should be held responsible for any oil they allow to escape into the environment, but shouldn't they at least get some credit for the preparations they make in advance? What is OMB's view of this issue? Do you intend to require any changes in the EPA's proposed rule?

Answer. In the Oil Pollution Act of 1991, Congress required that oil storage facilities be prepared to respond to a "worst-case" discharge of oil from their facility. On February 17, 1993, EPA proposed planning and cleanup equipment requirements for facilities storing at least one million gallons of oil in which a "worst-case discharge" could reach a navigable water and cause substantial harm to the environment. In its definition of "worst-case discharge" for the planning requirements, EPA proposed that facility operators can not assume that dikes, drains, and other engineered barriers (e.g., "secondary-containment") would block oil discharges since, in a "worst-case" accident, these secondary containment systems also may fail.

The statute grants EPA some, but limited, discretion to define a "worst-case discharge." Pursuant to Executive Order 12866, EPA will encouraged to tailor the planning and response requirements to those facilities that pose the greatest potential risk to the environment in the event of an accident; OMB will be attentive to this issue in its review of the final rule.

Bank Insurance Fund Reserves

Question. Banks now pay into the FDIC's Bank Insurance Fund to support the government's program to protect depositor accounts. I am told that last year the Administration considered using the BIF to fund a housing program. Does the Administration have the authority, without a change in the law, to use BIF funds for other purposes? Is the Administration still considering using Bank Insurance Fund money to pay the costs of any programs that are not related to deposit insurance?

Answer. The FDIC has an affordable housing program which was authorized under the Federal Deposit Insurance Corporation Improvement Act of 1991 (FDICIA). However, under current law, additional funds must be

appropriated for the program; funding cannot come directly from the Bank Insurance Fund (BIF) without additional authorizing legislation. The Administration's FY95 budget proposed $15 million in appropriated funds for the FDIC affordable housing program.

In general, the BIF cannot be used for any other purpose than deposit insurance without additional authorizing legislation. The Administration is not currently considering any such legislative proposals regarding the BIF.

Real Estate Settlement Procedures Act

Question. The final December 1992 regulations for the Real Estate Settlement Procedures Act (RESPA)are being revised by HUD. Does the Administration have an estimate of when this final regulation will be ready?

Answer. We received the RESPA revisions Friday, April 15, 1994. We will conclude our review within the time limit specified in the Executive Order on Regulatory Planning and Review.

FDA User Fees

Question. The President is proposing $228 million in FDA user fees to be collected from the food and cosmetics industries. What plan is OMB or FDA developing to collect these fees? Do you plan to implement this policy during FY 1995?

Answer. The President's Budget includes $338 million in user fees to finance FDA operations in FY 1995. Of this amount, $79 million are authorized under the Prescription Drug User Fee Act and $7 million are authorized under the Mammography Quality Standards Act. The Budget proposes to collect the remaining $252 million through two general types of fees: those to improve the medical device approval process ($24 million) and those to offset the cost to the taxpayer of FDA's regulation of products subject to its jurisdiction ($228 million).

At present, FDA is working on more detailed proposals to collect the latter two types of fees. FDA anticipates the development of a legislative proposal to authorize the medical device fees. The remaining fees may be collected under the government-wide user fee authorization (31 U.S.C. 9701).

Teen Labor Laws

Question. The National Restaurant Association has proposed to the Labor Department changes to update the parts of the fifty year old Fair Labor Standards Act affecting teenage workers. Does the Administration intend to adjust teenage working rules to make them more flexible and to help create jobs for young people?

Answer. The Department of Labor is moving ahead with an advanced notice of proposed rulemaking (ANPRN) concerning the child labor provisions of the Fair Labor Standards Act (FLSA). The ANPRN will seek public comment on possible changes to the hours and time standards and hazardous occupations standards for teenage workers. The Department expects to publish the ANPRN in the Federal Register soon.

EPA's Toxic Reduction Inventory

Question. Industry has petitioned EPA to remove ammonium, which it says is not toxic, from the Toxic Reduction Inventory. What is the status of this petition?

Answer. EPA's original Toxic Release Inventory (TRI) list of substances subject to annual reporting included ammonia. Ammonia has been widely studied, with clearly identified toxic effects on humans and aquatic life.

In 1989, EPA modified its instructions to define "ammonia" as "total ammonia" -- ammonia and ammonium -- because the Agency believed that discharges of ammonium can transform into ammonia in the environment.

Industry petitioners have challenged EPA's position citing evidence that ammonium is not toxic and does not convert to ammonia under most ambient conditions. EPA Assistant Administrator Goldman is planning to meet with the petitioners and other interested parties to review the issue and has invited OMB staff to attend. OMB will continue to work with EPA to address this issue.

Question. EPA is proposing to add over 300 substances to the Toxic Reduction Inventory list, yet it has not made a decision about possibly removing one substance from the list. How does EPA balance requests to add or delete substances from the Inventory? Does EPA devote more attention to lengthening the Inventory, and increasing regulation, than it does to removing substances that pose no threat to the public?

Answer. Congress's original 1986 Toxic Release Inventory (TRI) list contained over 300 chemicals and 20 chemical categories. EPA had added 38 and removed 12 chemicals from the original TRI list. In addition, EPA has six pending de-listing petitions, including one for ammonium. EPA has proposed to add 313 chemicals and chemical classes to the TRI list in January. OMB has encouraged EPA to tailor TRI reporting to address the highest risk chemicals and types of releases. To accomplish this goal, OMB has encouraged EPA to give equal attention to petitions to add higher risk chemicals and petitions to delete relatively lower risk chemicals, and to proceed with the work that it has underway to create an exemption for small releases.

Contracting Out

Question. Mr. Panetta in his opening testimony mentioned a report OMB had compiled of the work contracted out by government agencies. Please provide the parts of this report which cover the agencies under the Subcommittee's jurisdiction.

Answer. A summary is attached.

EXECUTIVE SUMMARY

INTRODUCTION.

Service contracts, as distinguished from contracts for supplies and equipment, are designed to be used by agencies to acquire knowledge and skills that are either not available in the government or that are available in the private sector at a lesser cost. Service contracts are also used by agencies and departments to fulfill temporary or intermittent needs and requirements of the government. The acquisition of services is the fastest growing area of government procurement and accounted for $105 billion of the government's $200 billion FY 1992 procurement program.

On March 15, 1993, Office of Management and Budget (OMB) Director Leon Panetta requested that 17 major Executive branch agencies and departments review their service contracting programs. The purpose of the review was to determine (1) if the service contracts were accomplishing what was intended; (2) whether the contracts were cost effective, and (3) whether inherently governmental functions were being performed by contractors. The results of the agency and departmental reviews were reported to OMB in July 1993. This report provides an overview of the reports submitted to OMB by the agencies and departments.

RESULTS OF THE REVIEWS.

The reports submitted in response to Director Panetta's request indicate that contracting practices and capabilities are uneven across the Executive branch. Most agencies conducted thorough, critical analyses of their programs. The reports submitted by these agencies tended to note that significant improvements are needed to ensure that the government is getting its money's worth from service contractors. Other agencies submitted less critical reports, and it is difficult to assess whether the contracting programs of these agencies are indeed better managed or whether their reviews were less candid.

In spite of the unevenness in the quality of the agency contracting programs and of the reviews, several consistent findings and themes were presented in almost all of the agency reports. These findings are:

- Government reliance on contracted services is increasing and many agencies are being required to do more with less staff.

- Contracting personnel concentrate on the award of contracts and the obligation of funds. Contract administration, particularly in most civilian agencies, is conducted by agency program staff and not by contracts personnel. The program staffs are often ill-

trained in contract administration.

- Cost analyses and independent government cost estimates are not performed by many agencies prior to the renewal, extension, or re-competition of existing contracts. In some instances, cost estimates are not prepared prior to entering into new contracts.

- Agencies often assume that additional government personnel will not be authorized and, therefore, there is no alternative but to contract for needed services. Several agencies requested that they be given more budget flexibility with respect to determining whether work should be performed by agency or contractor staff. Examples were reported where the government (based on the agencies' projections) could save several millions of dollars by performing functions directly rather than having them performed by contract.

- The contracting process is viewed by both contracting and program personnel as being overly burdensome, complex and time consuming. As a result, agencies are increasing their reliance on task order contracting instruments, and in many cases orders are often placed without the benefit of open competition or market research. In addition, the services are not always reviewed prior to acceptance or payment.

- The statements-of-work used to describe the specific tasks or services to be procured by contract are frequently so broad and imprecise that vendors are unable to determine the agency's requirements. As a result, competition is limited and performance cannot be assessed.

CORRECTIVE ACTIONS.

All of the agencies made recommendations and proposed various actions to address the above problems. Director Panetta has requested OMB's Office of Federal Procurement Policy (OFPP) to oversee the implementation of the corrective actions. Actions planned by OFPP to address the problems include:

- Convening an interagency work group to develop solutions and appropriate policies covering requirements for cost estimating, cost analysis and the preparation of work statements;
- Issuing new guidance on how to administer contracts including the imposition of minimum qualification and training requirements for contract administrators, and
- Convening a high level OMB-led committee to oversee implementation of recommendations made in a December 1992 report for improving contract audit practices within the government.

Services contracting is the fastest growing area of Government procurement and has increased to the point where contracts for services now account for 53 percent of Executive agency procurement expenditures -- over $105 billion in Fiscal Year 1992. As shown in Figure 1, below, service contracts now account for over 90 percent of the procurement dollars in some agencies

Figure 1

Volume of Services Contracting
FY 1992

Agency	Service $'S*	% of Contract $'S
Agriculture	$712,375	19.2%
Commerce	$318,495	42.9%
Defense	$60,872,999	45.0%
Education	$279,256	92.6%
Energy	$18,360,275	98.7%
HHS	$2,119,934	68.6%
HUD	$197,198	93.7%
Interior	$1,305,041	67.6%
Justice	$1,054,493	50.7%
Labor	$732,886	92.2%
State	$592,339	61.8%
Transportation	$1,971,754	60.7%
Treasury	$705,818	38.9%
Veterans Affairs	$1,532,384	37.7%
EPA	$1,199,240	89.3%
GSA	$1,987,268	34.1%
NASA	$9,067,782	73.1%
Others	$2,249,275	
TOTAL:	$105,258,812	52.6%

* in thousands of dollars

Source: FPDS

Morris K. Udall Foundation

Question. The Morris K. Udall Trust Fund received appropriations of $4,937,000 in 1993 and $4,958,000 in 1994 through the Interior Bill. Nothing has been spent because Trustees have not been named. Why the delay?

Answer. The delay in appointments to the Board of Trustees of the Foundation has been due primarily to the change in administrations. However, the Administration is now doing the necessary paperwork and FBI checks and will very shortly submit the names to the United States Senate for confirmation as requested by law.

Question. If no further resources were appropriated, what would the Foundation be able to accomplish with its over $10 million endowment, including interest?

Answer. By law, the Foundation can only spend interest earnings to carry out the purposes of the Foundation. The appropriated funds will be invested in Treasury securities and the interest will support the awarding of scholarships, fellowships and grants, as well as the activities of the Udall Center for Studies in Public Policy at the University of Arizona. In FY 1995, the Board will have an estimated $557,000 available from interest earnings on the $10 million already appropriated through the Interior Bill to allocate among its authorized activities.

Question. The Udall Foundation has a wide range of mandates from generally increasing environmental awareness to establishing a program for environmental policy research at the University of Arizona and training Native American professionals in health care and public policy. What would the Foundation do with the $10 million it has already?

Answer. The specific use of any funds will be determined by the Board of Trustees. By law, the Foundation can only use the interest earnings to carry out the purposes of the Foundation. Interest earnings from the $10 million already appropriated through the Interior Bill are estimated to be $557,000 in FY 1995. The Board of Trustees would determine the distribution of these earnings among its authorized activities.

Question. What would the Foundation do with an additional $10 million, if appropriated?

Answer. If the additional $10 million is appropriated, the Board will have an estimated additional $290,000 in interest earnings available in FY 1995 to allocate

among its authorized activities.

Question. What will be the administrative expense budget of the Foundation?

Answer. The administrative expense budget of the Foundation would have to be determined by the Board of Trustees when it is established.

FISCAL YEAR 1995

BUDGET FOR THE OFFICE OF MANAGEMENT AND BUDGET

EXECUTIVE OFFICE
OF THE PRESIDENT

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET

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I. Justification for FY 1995 Budget Request

For FY 1995, the Office of Management and Budget (OMB) requests budget authority of $56,272,000*. This request is $267,000 (0.5 percent) below the FY 1994 enacted level of $56,539,000. The request includes funds for the Office of Federal Procurement Policy (OFPP) which, prior to FY 1994, had a separate appropriation. The requested funding level will provide 542 full-time equivalent (FTE) positions for OMB, 14 FTE below FY 1994.

The FY 1995 OMB budget complies with the President's Executive Order 12839 and Presidential memorandum (dated September 11, 1993) which mandate reductions in Federal employee levels. OMB will be required to reduce its number of FTEs by a total of 69 during FYs 93-99. By FY 1995, OMB will have reduced the number of funded FTE by 31 (from the original funded FTE level of 573 in FY 1993 to a funded FTE level of 542 in FY 1995).

In addition, this request complies with the President's Executive Order 12837 which mandates reductions in administrative costs. After adjusting for inflation, OMB's FY 1995 administrative costs were reduced by $227,000.

The proposed OMB budget will fund the annualization of the FY 1994 locality pay increase and the pay/benefit adjustment scheduled for January 1995. OMB has realized savings, which have been used to absorb the locality pay increase, through internal belt tightening. These savings include: (1) a reduction in the cost of rent to GSA through utilization of less office space; (2) savings derived from a new EOP-wide phone system and use of FTS 2000; and (3) reductions from previous years in awards, travel, supplies, equipment, and other services.

A summary of OMB's FY 1995 budget request is shown below.

Budget Summary
(in thousands of dollars)

	1993 Actual**	1994 Estimate	1995 Request
Budget Authority	$56,039	$56,539	$56,272*
Outlays	$54,753	$56,489	$56,299
FTEs	561	556	542

* This request has been reduced, consistent with the budget amendments transmitted on March 16, reducing payments to GSA for rent, government-wide.

** FY 1993 actual includes OFPP.

The increases/decreases requested for FY 1995 are as follows:

$56,539,000	FY 1994 enacted level
+2,893,000	Personnel cost increase necessary to fund the FY 1994 locality pay, the FY 1995 cost-of-living and benefit adjustment, and workman's compensation claims
$59,432,000	Total = FY 1994 enacted level, plus increases
-1,630,000	FTE reductions complying with the President's Executive order and Presidential memorandum to reduce Federal positions government-wide and additional cost cutting actions to fund locality pay (including reductions in staff and awards)
-977,000	Decrease for rental payments to GSA derived through consolidation and reduction of current office space and the GSA rental savings amendment dated March 16, 1994
-303,000	Administrative cost reductions complying with the President's Executive order to reduce administrative costs government-wide and additional reductions to offset locality pay (includes travel, supplies, equipment, and other services)
-250,000	Savings derived from lower FTS 2000 costs and new EOP phone system
$56,272,000*	FY 1995 Request

* This request has been reduced, consistent with the budget amendments transmitted on March 16, reducing payments to GSA for rent, government-wide.

Personnel Costs

A net funding increase of $1,263,000 is requested. This is based on funding the cost of the FY 1994 locality pay, the FY 1995 cost-of-living adjustment (in January 1995), workman's compensation claims, and related benefit costs (total increase of $2,893,000). Personnel savings include FTE reductions to

implement the President's Executive order and Presidential memorandum to reduce Federal employee levels government-wide, and reductions in staff costs and awards (total decrease of $1,630,000). This net dollar increase will provide for 542 FTEs.

GSA Rent Decrease

A decrease of $977,000 is included for the rental payment to GSA. In light of reductions in staff, OMB will reduce the amount of office space by one floor. Also, this justification includes the GSA rental savings amendment dated March 16, 1994. This amendment provides additional savings from GSA rental payments of $227,000.

Travel, Printing, Training, Building and Equipment Maintenance, Supplies, Telephone Costs, and Other Support Activities

The FY 1995 budget includes a net decrease of $553,000 for non-pay object classes. Per the President's Executive order to reduce administrative costs government-wide, all non-pay object classes are adjusted for inflation ($189,000) and then specific non-pay object classes (all object classes except equipment and rent to GSA) are decreased per the administrative cost reduction ($227,000). Also, FTS 2000 costs and local telephone costs have decreased (saving $250,000). Additional reductions were made in travel, supplies, equipment, and other services to offset the cost of locality pay (saving $265,000).

Information Systems Support

In FY 1995, $3,052,000 is budgeted for information systems. This is the same funding level as FY 1994, the last year of a five year systems improvement plan. This plan included: completion of the Budget and Financial Information System; implementation of an integrated budget database; and establishment of an easier, more understandable interface between the system and the user. The FY 1995 budget cycle (in the Fall of 1993) was the first major use of this new system, which will be used fully during the FY 1996 budget cycle (in the Fall of 1994).

Under the plan, we also completed an infrastructure that has given every OMB employee: (1) a personal computer workstation; and (2) direct access to all employees and information on the EOP electronic communications network.

The funds in FY 1995 will maintain the effectiveness of these OMB systems, and will help to avoid the development of a technology gap, such as that which developed with the prior budget systems. Specifically, this will provide for the continued replacement and upgrading of the oldest personal computers (PCs) (first installed in 1989), more efficient software, and the necessary upgrading of network components. The new budget systems require more PC capability, and the older

Intel 386-based PCs do not have sufficient capability for many of these functions. Network components will also continue to be upgraded to handle the increased flow of information which results from full operation of the budget system databases and the upgrades to budget staff. Additionally, long-term historical databases that can be easily extracted and manipulated at the division/office level will be developed to support budget analyses.

II. OMB2000

OMB has completed a review of its operations and responsibilities called "OMB2000". OMB2000 is the most comprehensive self-examination undertaken by OMB in recent memory. Senior management in OMB chartered a Steering Committee to produce recommendations to improve OMB's efficiency and effectiveness after two decades in which OMB's responsibilities have changed substantially.

An OMB2000 project team conducted interviews across the organization, including career and political alumni, agency personnel, Congressional staff, and others in the budget community. The team met with groups of OMB employees to tap the widest range of thinking on OMB's strengths and weaknesses for improvement. In addition, all OMB branches completed "work profiles" that documented each area's mission, activities, and end-products.

A Snapshot of Reforms

The core of the new course for OMB is that, to be successful in improving Executive branch operations, OMB's oversight role must better integrate budget analysis, management review and policy development roles. OMB must also improve its capacity to do mid-term analysis and spend more time on the analysis that supports OMB recommendations to the Presidents.

Organizational changes are one aspect of the improvements OMB hopes to bring about. Additionally, OMB is committed to new processes that will enable analysis cutting across OMB's and federal agencies' typical organizational boundaries. The changes will improve OMB's work environment and bring attention to internal management issues. Finally, OMB has responded to concerns raised by the National Performance Review (NPR) about OMB-agency relations.

Organizing for Effectiveness in Management and Budget

OMB will create five new "Resource Management Offices" (RMOs) that will be neither the current budget divisions augmented by more people nor the current management offices. The RMOs will be responsible for: (1) budget formulation, analysis, and execution; (2) program effectiveness and efficiency; (3) annual, mid- and long-range policy and program analysis; (4) implementation of government-wide management policy as formulated by the statutory offices; and (5) program evaluation.

OMB staff in the new RMO's will have integrated responsibilities for the management, budget, and policy aspects of their assigned agencies or programs. They will be neither budget examiners as currently in budget divisions, nor, except in

special circumstances, experts in discrete management skills or competencies. OMB will retain its current OMB-wide statutory management offices (OFPP, OIRA, and OFFM). These officies will continue to provide overall policy direction and leadership in their respective areas.

Different Processes for Better Outcomes

OMB will also improve the processes used to make policy by among other things:

- Integrating Tax and Spending Policy - create a more integrated review of tax expenditures and direct spending by OMB, Treasury, and the Council of Economic Advisors (CEA).

- Enhancing Cross-Cutting, Interagency Policy Development - increasingly, the problems facing the country and the Federal government cannot be addressed without crossing agency and program lines. OMB will facilitate more meaningful cross-cutting analyses to improve its ability to address issues on a fully integrated basis.

- Conducting More Long-Term, Mid-Range Analyses - OMB would like to have the limited staff spend more time on longer-term analyses such as: focusing on long-term cost and implications of policy decisions and giving more attention to potential economic, budgetary, and institutional problems looming on the horizon.

- Increasing Agency Involvement in the Budget Process - in the FY 1995 budget development process Management and Budget Reviews with agencies were a step in systematizing a new and improved relationship between OMB and agencies. OMB's improved working relationships with agencies will be further expanded to involve the agencies more in the budget process.

- Improving Strategic Policy Thinking and Policymaking - OMB will do a better job of anticipating how Congressional committee structure leads to policy tradeoffs made during the Congressional budget process.

Improving the OMB Work Environment

A recurring theme in many of the OMB2000 interviews was that excessive work demands have created an unfriendly work environment.

The following steps will be taken to improve the work environment at OMB: (1) managing workload through increased use

of compensatory time, flexi-time, alternative work schedules, and job sharing; (2) improving communication by including junior staff in meetings with senior staff and policy officials on matters in their areas of responsibilities; (3)improving managerial skills and personnel policies through seminars on basic supervision, personnel evaluation and counseling, working with and integrating support staff in a changing office environment, and conflict resolution; (4) performing an analysis of support staff environment, establishing performance standards for use of current equipment, identifying needed support staff training, and, where appropriate, prepare new job and grade descriptions; and (5) establishing a Management Committee which will advise the Director on all internal management issues. The Management Committee will serve as an institutional memory on internal management and as the permanent group in OMB concerned with the continuing need to keep "reinventing" OMB as an effective institution.

Improving Agency-OMB Relations

OMB recognizes that critical analysis and questioning of agency programs, priorities, and management is central to the work that is done for the President. At the same time, OMB can more effectively serve the President by improving agency-OMB relations.

A paramount new practice that will improve agency-OMB relations is earlier and more extensive agency involvement in the budget process. The FY 1995 budget process was designed to engage the agencies in finding creative ways to develop a Budget that reflects the President's priorities. OMB will continue with the new collaborative process and will continue to communicate clearly to OMB staff that senior management cares about and intends to seek agency views on policy.

Reducing or Eliminating Low-Priority Work

OMB staff have not had enough time to do in-depth analysis because they are overwhelmed with less important, near-term work assignments, all with tight deadlines. To make more effective use of staff time, OMB will streamline: (1) staff input on public correspondence; (2) the number of Circulars to those that are essential to OMB responsibilities; and (3) all enrolled bills to contain only concise summaries of the major provisions of enacted legislation.

Summary

With OMB2000, OMB has taken bold steps to reinvent its mission and improving its effectiveness. Critics of some of these changes may say that efforts to "integrate" management and

budget will end in merely bigger budget divisions, whose management responsibilities will be driven out by daily fire-fighting on budget issues. OMB believes this criticism is based on a false premise that "management" and "budget" issues can be thought about separately. In fact, the changes are intended to improve OMB's ability to oversee agency programs and policies to ensure their efficiency and effectiveness, while allowing OMB to operate with reduced staffing and a reduced budget in FY 1995 and beyond.

III. Performance Management and Year-End Spending

Performance Management in the Office of Management and Budget

The House Committee on Appropriations, in House Report 103-127, requested that "to the extent practicable, performance management concepts be incorporated and identified in the fiscal year 1995 budget requests." Accordingly, the following information is provided.

OMB does not operate programs in the traditional sense of providing services directly to the public. Rather, OMB's principal product is policy advice and its primary customer is the President. Therefore, the measurement of performance, particularly quantitative measurement of outputs, is difficult. Nevertheless, OMB is striving to implement performance measurement techniques in its day-to-day operations. These uses of performance management are described below:

Regulatory Reviews. OMB has established benchmarks for its regulatory review function that include such quantitative measurements as timeliness in responding to agency requests (90 days) for review of rulemaking. New Executive order guidance (Executive Order No. 12866 of September 30, 1993) has been provided so that delays will be minimized and clear lines of responsibility will be maintained. OMB measures its performance in meeting these goals by maintaining logs of items pending review. These logs indicate when an item has been received for review and when the review is completed. OMB has similar performance standards for its reviews under the Paperwork Reduction Act and measures performance to these standards as well.

In calendar year 1993, OMB reviewed 2,161 rules in an average time of 44 days. The number of rules reviewed will substantially decline as OMB meets the performance standard established in the Executive Order for review of only significant regulations.

Legislative Communications. In it's role as Executive branch coordinator of both budgetary and non-budgetary legislative communications to the Congress, OMB will continue to emphasize providing timely and informative communications to Congress.

Budget Estimation. As part of its responsibilities under the Budget Enforcement Act of 1990, OMB produces individual reports and annual summaries (involving both qualitative and quantitative data) for a major OMB activity (i.e., budget scoring). This requires establishing the budgetary effect of appropriations and other legislation. These reports and summaries provide comparisons with Congressional Budget Office (CBO) estimates, and provide detailed analyses of

differences in approach between OMB and CBO. As part of the effort to improve the budget process, OMB plans to work with CBO to minimize such differences.

The increasing use of performance management techniques is planned as OMB implements the Government Performance and Results Act (GPRA) on a government-wide basis. OMB is committed to carrying out its responsibilities under GPRA, and will establish performance goals and milestones to measure its success in meeting these responsibilities.

End-of-Year Spending in OMB

The House Committee on Appropriations, in House Report 103-127, requested that "each agency submit, with the fiscal year 1995 budget request, a plan designed to ensure that end-of-year spending is subject to a special review to prevent its obligation on all but necessary items. The plan should include the position and title of the individual who is accountable for all spending and is specifically charged with the responsibility for review of year-end spending." Accordingly, the following information is provided.

OMB has procedures in place to prevent inappropriate end-of-year spending. Expenditures are monitored carefully throughout the year and, beginning in February, OMB conducts detailed monthly financial reviews. These financial reviews identify and monitor projected expenditures and obligations, ensuring that funds are obligated for only necessary items. The Assistant Director for Administration is responsible for all spending and is specifically charged with the review of year-end spending.

IV. Proposed Appropriation Language

SALARIES AND EXPENSES

For necessary expenses of the Office of Management and Budget, including hire of passenger motor vehicles, services as authorized by 5 U.S.C. 3109; [$56,539,000] $56,272,000*, of which not to exceed $5,000,000 shall be available to carry out the provisions of 44 U.S.C. chapter 35.

* This request has been reduced, consistent with the budget amendments transmitted on March 16, reducing payments to GSA for rent, government-wide.

V. Summary Tables*

Salaries and Expenses

Program and Financing (in thousands of dollars)

I.D. Code 11-0300-0-0-802		1993 Actual	1994 Estimate	1995 Request	
	Program by activities:				
	Direct Program:				
00.01	National Security & International Affairs.	6,087	6,435	6,610	
00.02	General Government.....	5,093	6,039	6,691	
00.03	Natural Resources, Energy and Science.....	6,516	6,935	7,178	
00.04	Health/Personnel.....	2,665	3,566	5,215	
00.05	Human Resources.....	3,196	3,742	3,904	
00.06	Office of Federal Financial Management....	4,344	3,146	2,273	
00.07	Information and Regulatory Affairs.....	5,795	5,790	5,599	
00.08	Office of Federal Procurement Policy.....	3,045	3,068	2,362	
00.09	General Management.....	3,509	1,724	0	
00.10	OMB-Wide Offices***.....	15,742	16,094	16,440	
00.91	Total Direct Program.....	55,992	56,539	56,272	**
01.01	Reimbursable Program.....	50	---	---	
10.00	Total Obligations.....	56,042	56,539	56,272	**
	Financing				
25.00	Unobligated balance lapsing.....	47	---	---	
39.00	Budget Authority (Gross).....	56,089	56,539	56,272	**
40.00	Budget Authority (Appropriation).....	56,039	56,539	56,272	**
68.00	Spending Auth. from offsetting collections	50			
	Relation of Obligations to Outlays				
71.00	Total Obligations.....	56,042	56,539	56,272	**
72.40	Obligated balance, start of year.....	4,626	5,718	5,768	
74.40	Obligated balance, end of year.....	(5,718)	(5,768)	(5,741)	
77.00	Adjustments in expired accounts.....	(147)			
87.00	Outlays (gross).....	54,803	56,489	56,299	
	Adjustments to gross Budget Authority and Outlays				
88.00	Federal Funds.....	(50)			
89.00	Budget Authority (net).....	56,039	56,539	56,272	**
90.00	Outlays.....	54,753	56,489	56,299	

* This program activity schedule is based on the OMB2000 reorganization and is displayed on a comparable basis. The President's FY 1995 budget contains the program activity schedule prior to the reorganization.

** This request has been reduced, consistent with the budget amendments transmitted on March 16, reducing payments to GSA for rent, government-wide.

***OMB-Wide Office combines the Director's Office, the Deputy Director's Office, the Deputy Director's for Management Office, Public Affairs, General Counsel, Legislative Affairs, Economic Policy, Administration, the Legislative Reference Division, and the Budget Review Division.

Object Classification (in thousands of dollars)

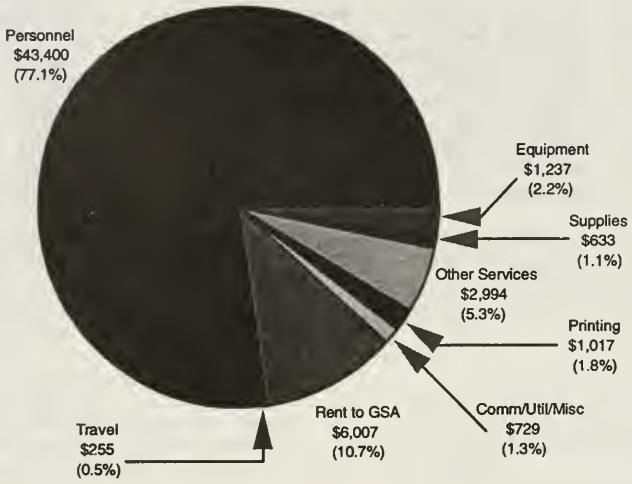
I.D. Code 11-0300-0-0-802		1993 Actual	1994 Estimate	1995 Request
	Direct Obligations:			
	Personnel Obligations:			
11.1	Full-time permanent	32,953	33,696	34,484
11.3	Other than full-time permanent	737	1,000	1,000
11.5	Other personnel compensation	879	900	725
11.8	Special personnel service payments	36	100	100
11.9	Total personnel compensation	34,605	35,696	36,309
12.1	Civilian personnel benefits	6,338	6,441	7,091
21.0	Travel & transportation of persons	228	355	255
23.1	Rental payments to GSA	6,805	6,984	6,007
23.3	Communications, Utilities, and Misc	1,283	884	729
24.0	Printing and reproduction	815	1,017	1,017
25.0	Other Services	4,284	3,642	2,994
26.0	Supplies and materials	733	673	633
31.0	Equipment	901	847	1,237
99.9	Total Obligations	55,992	56,539	56,272 *

* This request has been reduced, consistent with the budget amendments transmitted on March 16, reducing payments to GSA for rent, government-wide.

Executive Office of the President
Office of Management and Budget

FUNDING REQUEST BY OBJECT CLASSIFICATION

($ in Thousands)



FY 1995

Cost Justification by Object Classification

PERSONNEL COMPENSATION (OBJECT CLASSIFICATION 11), $36,309,000

Summary of Personnel Costs
(in thousands of dollars)

	1993	1994	1995
Permanent personnel costs	$32,953	$33,696	$34,484
Nonpermanent personnel costs	737	1,000	1,000
Overtime & other personnel costs	915	1,000	825
Total personnel costs	$34,605	$35,696	$36,309

PERSONNEL BENEFITS (OBJECT CLASSIFICATION 12), $7,091,000

This request is for OMB's mandatory contributions to the Civil Service Retirement System, the Federal Employees Retirement System, the Social Security Retirement and Medicare programs, the Federal Employees Group Life Insurance program, and the Federal Employees Health Benefits program.

TRAVEL (OBJECT CLASSIFICATION 21), $255,000

This request is for travel funds for the examination of Executive branch activities outside Washington, D.C., and for other official business travel. This request is a decrease of $100,000 from the FY 1994 level and it is in accord with the President's Executive order to reduce administrative costs.

RENTAL PAYMENTS TO GSA (OBJECT CLASSIFICATION 23.1), $6,007,000

This request is for payments made to the General Services Administration (GSA) for rental of office space in the Old and New Executive Office Buildings. OMB will reduce the amount of office space occupied. The savings from reduced office space is reflected in this budget request. In addition, this justification includes the GSA rental rate amendment dated March 16, 1994. In aggregate, rental payments to GSA will reflect a decrease of $977,000 from the FY 1994 funded level.

COMMUNICATIONS, UTILITIES, AND MISCELLANEOUS CHARGES (OBJECT CLASSIFICATION 23.3), $729,000

The request reflects a decrease of $155,000 from the FY 1994 level. This reduced funding reflects lower costs for FTS and commercial phone service, and the reductions required by the President's Executive order on reducing administrative costs.

This object class includes the cost of operating the EOP joint telephone switchboard -- including salaries of telephone operators, local telephone service, and the Federal Telecommunications Service (FTS) costs. Also included in this estimate are the costs associated with (1) rental of duplicating equipment, (2) reimbursement to GSA for furnishing after-hours utilities, and (3) postage.

PRINTING AND REPRODUCTION (OBJECT CLASSIFICATION 24), $1,017,000

This request is unchanged from the FY 1994 level. The request covers the cost of publishing in the Federal Register; work done by the Government Printing Office (GPO), primarily the printing of the President's Budget and related materials; and work performed by the Office of Administration's duplicating facilities.

OTHER SERVICES (OBJECT CLASSIFICATION 25), $2,994,000

This request is a decrease of $648,000 from the FY 1994 level of $3,642,000. This reduced funding level is in accord with the President's Executive order to reduce administrative costs. The other services object class includes charges for: (1) ADP support for various computer information systems; (2) computer time-sharing; (3) OMB's share of maintaining an employee health program; (4) maintenance agreements and repairs to equipment; (5) training; (6) funding for the Federal Accounting Standards Advisory Board and the Joint Financial Management Improvement Program; and (7) other miscellaneous services.

SUPPLIES AND MATERIALS (OBJECT CLASSIFICATION 26), $633,000

This request is a decrease of $40,000 from the FY 1994 level of $673,000. This reduced funding level is in accord with the President's Executive order to reduce administrative costs. The supplies and materials object class includes charges for the purchase of normal office and ADP supplies and additional work materials, such as legislative bills, reports, enacted bills, and periodicals.

EQUIPMENT (OBJECT CLASSIFICATION 31), $1,237,000

This request is a net increase of $390,000 from the FY 1994 level. This represents an increase for ADP systems ($453,000). In addition, the equipment object class reflects reductions for (1) the President's Executive order to reduce administrative costs ($13,000) and (2) reduced division equipment funds ($50,000).

Explanation and Justification of Changes by Object Class over the FY 1994 Estimated Level
(in thousands of dollars)

FY 1994 Estimate	FY 1995 Request		Net Change
$42,137	$43,400	Personnel Compensation and Benefits Costs necessary to fund 542 FTEs.	$1,263
$355	$255	Travel The request reflects a reduction.	($100)
$6,984	$6,007	Rental Payments to GSA The decrease reflects a reduction of space used by OMB and the GSA rental savings amendment.	($977)
$884	$729	Communications, Utilities, & Misc. The request reflects a reduction for phone service ($150,000) and the President's Executive order to reduce administrative costs ($5,000).	($155)
$1,017	$1,017	Printing and Reproduction No additional resources are requested.	$0
$3,642	$2,994	Other Services The request reflects reductions for (1) completion of ADP projects ($448,000), (2) telephone maintenance ($100,000), (3) the President's Executive order to reduce administrative costs ($20,000), (4) building maintenance ($15,000), and (5) JFMIP ($65,000).	($648)
$673	$633	Supplies and Materials The request reflects reductions for (1) completion of ADP projects ($5,000), and (2) less funding for supply costs costs ($35,000).	($40)
$847	$1,237	Equipment This request reflects an increase for ADP systems ($453,000). In addition, this request includes reductions for (1) the President's Executive order to reduce administrative costs ($13,000) and (2) reduced division equipment needs ($50,000).	$390
$56,539	$56,272*	Total All Object Classes	($267)

* This request has been reduced, consistent with the budget amendments transmitted on March 16, reducing payments to GSA for rent, government-wide.

Personnel Summary

I.D. Code 11-0300-0-0-802	1993 Actual	1994 Estimate	1995 Request
Total compensable workyears:			
Full-time equivalent employment	561 *	556	542
Full-time equivalent of overtime and holiday hours	8	8	8

* Includes 31 FTE in OFPP, which prior to FY 1994 were in a separate appropriation.

Distribution by Program Activity of Full-time Equivalent Positions

New Program Activity Structure	FY 1993 Actual FTEs	FY 1994 FTE Estimate	FY 1995 FTE Request
National Security & International Affairs	55	59	60
General Government	55	63	69
Natural Resources, Energy and Science	65	68	69
Health/Personnel	28	41	56
Human Resources	37	39	39
Office of Federal Financial Management	40	31	20
Information and Regulatory Affairs	57	54	50
Office of Federal Procurement Policy	31	25	18
General Management	33	17	0
OMB-Wide Offices**	160	159	161
	561	556	542

Old Program Activity Structure	FY 1993 Actual FTEs	FY 1994 FTE Estimate	FY 1995 FTE Request
Budget Review	75	73	72
National Security & International Affairs	55	59	60
Economics and Government	55	63	69
Natural Resources, Energy and Science	65	68	69
Health	28	41	56
Human Resources	37	39	39
Director's Office	7	7	7
OMB-Wide Offices	78	79	82
General Management	33	17	0
Office of Federal Financial Management	40	31	20
Information and Regulatory Affairs	57	54	50
Office of Federal Procurement Policy	31	25	18
	561	556	542

** OMB-Wide Office combines the Director's Office, the Deputy Director's Office, the Deputy Director for Management Office, Public Affairs, General Counsel, Legislative Affairs, Economic Policy, Administration, the Legislative Reference Division, and the Budget Review Division.

VI. OMB Responsibilities and Background

OMB derives its basic authority from the Budget and Accounting Act of 1921, as amended. This Act, in providing the first comprehensive national budget system, gave the Bureau of the Budget the authority to assemble and correlate, as well as recommend changes to, the requests for appropriations of the several departments or establishments. The Bureau was further authorized to make detailed administrative studies that would help in securing greater economy and efficiency in the conduct of the public service.

In 1921, in response to a request by the Chairman of the House Appropriations Committee, President Harding instructed the Federal agencies to submit to him, through the Director of the Bureau of the Budget, all requests or recommendations for legislation that would require appropriations presently or in the future. This clearance procedure was later extended to all legislation.

OMB, which was created from the Bureau by Reorganization Plan No. 2 of 1970, also now provides the President with an institutional staff capability in executive management, particularly in program evaluation and coordination, management reform, regulatory analysis, and information and management systems.

The functions of OMB include the following:

-- To advise the President on fiscal and economic policies for the Nation;

-- To prepare the President's Budget and formulate the Federal government's fiscal program;

-- To supervise and control the budgetary administration of the Executive branch;

-- To examine the management and administrative systems of the Executive branch, and establish policies that will assure the efficient management and operation of the Federal government;

-- To clear and coordinate departmental recommendations for proposed legislation and for Presidential action on bills passed by Congress;

-- To assist in the consideration, clearance, and preparation of Executive Orders and proclamations;

-- To keep the President advised of agencies' activities (proposed, initiated, and completed), and to coordinate interagency activities to assure that funds appropriated by the Congress are spent with minimum duplication;

-- To implement initiatives on information policy, paperwork reduction, and regulatory reform;

-- To establish policies and methods that reduce fraud, waste, and abuse in Federal programs, including the provision of staff support to the President's Council on Integrity and Efficiency and the President's Council on Management Improvement;

-- To establish and oversee the implementation of financial management policies and requirements for the Federal government as required by the Chief Financial Officers Act of 1990; and

-- To provide the President and Congress, pursuant to the Budget Enforcement Act of 1990, with reports on each appropriations bill, on the deficit effect of mandatory spending and receipts legislation, and on the necessity for sequesters, and with updates on discretionary spending limits.

Organizational Responsibilities

The following is a brief summary of the functions of each of the offices within OMB.

National Security and International Affairs; General Government; Natural Resources, Energy, and Science; Human Resources; and Health/Personnel. In the new Resource Management Offices, agency programs, budget requests, and management activities are analyzed, appropriations are apportioned, proposed changes in agency functions are studied, and special analyses aimed at establishing goals and objectives that would result in long- and short-range improvements in the agencies' financial, administrative, and operational management are conducted.

OMB-Wide Offices. Executive direction and coordination for all Office of Management and Budget activities is provided. This includes the Director's immediate office as well as staff support in the areas of administration, external affairs, legislative reference, legislative affairs, economic policy, general counsel, and budget review.

Financial Management. Policy guidance for implementing financial statements, financial systems, credit and cash management, and internal controls is provided to agencies; evaluation of agency performance and progress is carried out; and

a Government-wide long-term financial management plan is prepared.

Information and Regulatory Affairs. Agency proposals to implement or revise Federal regulations and information collection requirements are reviewed and coordinated. Information resources management and statistical policies and practices are analyzed and developed.

Office of Federal Procurement Policy. The Office of Federal Procurement Policy is responsible for promoting economy, efficiency, and effectiveness in the procurement of property and services by and for the Executive Branch.

Morris K. Udall Scholarship and Excellence in National Environmental Policy Foundation

Fiscal Year 1995 Budget Justification

The Morris K. Udall Scholarship and Excellence in National Environmental Policy Foundation (Foundation) was established under the Morris K. Udall Scholarship and Excellence in National Environmental and Native American Public Policy Act of 1992, Public Law 102-259, March 19, 1992.

The Foundation is an independent entity of the executive branch of the United States Government, supervised and directed by a twelve member Board of Trustees. The Board will appoint an Executive Director of the Foundation to be the chief executive officer and shall carry out the functions of the Foundation as determined by the board.

- The purposes of the Foundation are to:

  (1) increase awareness of the importance of and promote the benefit and enjoyment of the Nation's natural resources;
  (2) foster among the American population greater recognition and understanding of the role of the environment, public lands and resources in the development of the United States;
  (3) identify critical environmental issues;
  (4) establish a Program for Environmental Policy Research and an Environmental Conflict Resolution at the Center;
  (5) develop resources to properly train professionals in the environmental and related fields;
  (6) provide educational outreach regarding environmental policy; and
  (7) develop resources to properly train Native American and Alaska Native professionals in health care and public policy.

- The Foundation can award scholarships, fellowships, internships, and grants. In addition, the Foundation can provide funds to the Udall Center for Studies in Public Policy at the University of Arizona to carry out and manage programs, activities and services established by the Foundation.

- It is expected that the Foundation will have the Board of Trustees in place by October 1, 1994, to carry out the purposes of the Act.

FY 1995 Budget Request

- To fulfill the statutory obligations listed above, the budget requests $10,000,000 for payment to the Morris K. Udall Scholarship and Excellence in National Environmental Trust Fund. The following tables are attached: Appropriation Language; and Program and Financing.

APPROPRIATION LANGUAGE

Federal Payment to Morris K. Udall Scholarship and Excellence in National Environmental policy Foundations

For payment by the Secretary of the Treasury to the Morris K. Udall Scholarship and Excellence in National Environmental Trust Fund, to be available for purposes as authorized by the Morris K. Udall Scholarship and Excellence in National Environmental and Native American Public Policy Act of 1992 (p.l. 102-259), $10,000,000, to remain available until expended.

Program and Finance Schedule
(in thousands of dollars)

	1993 actual	1994 est.	1995 est.
Program by activities:			
10.00 Total Obligations	---	---	10,000
Financing:			
40.00 Budget authority (appropriation)	---	---	10,000
Relation of obligation to outlays:			
71.00 Total obligations	---	---	10,000
90.00 Outlays	---	---	10,000

Trust Funds

	1993 actual	1994 est.	1995 est.
01.00 Balance, start of year: Treasury balance	---	4,937	10,452
Receipts:			
02.01 Federal payments	4,937	4,958	10,000
02.02 Interest earnings	---	557	2,300
02.99 Total Receipts	4,937	5,515	12,300
04.00 Total: Balances and collections	4,937	10,452	22,752
07.00 Balance, end of year Treasury balance	4,937	10,452	22,752

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